



THE INDEPENDENT

No. 3,195

THURSDAY 16 JANUARY 1997

WEATHER: Fog followed by sunshine

(IR45p) 40p



Is there anybody out there? United States astronaut John Blaha looks out of the Russian space station Mir towards the space shuttle Atlantis yesterday; Blaha is to trade places with fellow astronaut Jerry Linenger. Photograph: AP/Nasa

Now Britain faces single European tax system

Exclusive: France and Germany spearhead plan to control revenue and social security

Sarah Helm
Brussels

Plans to create a single European system for tax and social security are being privately prepared in Brussels by a powerful alliance of countries including France and Germany. They envisage control over income tax being pooled by national governments inside the single currency area.

The plans, contained in papers seen by *The Independent*, but which are unlikely to have been submitted yet to the British government, are part of the strategy for a new "flexible" Eu-

rope. In practice, they are likely to kill off any remaining chance of Britain joining the single currency in the foreseeable future. The plans will be widely viewed in Britain as an attempt by France and Germany to radically alter the fundamental character of the union and the Euro-sceptics will now have new cause to argue that Britain's entire relationship with the EU should be renegotiated.

Opponents of the single currency have always suggested that it would eventually mean a single European economic policy, covering tax and social security. The new proposals reveal that

Paris and now Bonn agree and are seriously contemplating forging ahead with what will be, in effect, a single hard core economy. This thinking is so far ahead of what Westminster has contemplated that it makes British membership of EMU, under a Conservative or a Labour government, very unlikely.

By contrast, France and Germany are spearheading the drive to ensure that powers to build a common economic policy are written into a "flexibility" chapter in the next treaty on European Union union reform, due in June. An official EU report, summarising how member

states view a multi-speed Europe, specifically mentions Economic and Monetary Union as a key area, where some states will want to move faster than others.

The report does not directly call for harmonising direct tax and social security. However, according to tightly placed sources in Brussels, France and Germany have signalled that they want power to integrate in these areas after the EMU launch.

Common policies on direct tax and social security may not be possible until a few years after the EMU launch, France and Germany concede. But they want the right to go ahead to be

written into European law now, as further treaty revisions may not be possible for some time.

Other priority areas singled out in the report for faster power-sharing are immigration and criminal justice, environment law, and indirect taxation under monetary union.

Under the "multi-speed" arrangement, envisaged by the Commission, Britain would not be forced to join the new round of power-sharing, but would be unable to stop other member states moving ahead.

The proposals are being circulated amid intense debate about how Europe can deepen integration without being blocked by Britain or any other member states who oppose further power-sharing.

On Monday, member states will hold the first formal discussion on the new "flexibility" chapter. A separate European Commission blueprint for flexibility, to be discussed by the Commission today, also leaves open the possibility of greater economic power sharing under monetary union.

John Major has recently been advocating a "flexible" multi-speed Europe, suggesting that Britain's interests would not be damaged if countries pool powers faster than others.

In the treaty negotiations Mr Major now faces a battle to ensure that monetary union is specifically excluded from new "flexible" power sharing, and that the British veto is strongly defended.

Flexibility chapter, page 11



Ford set to impose huge job cuts

Barrie Clement
Labour Editor

Ford is expected to announce cuts of one-third in the workforce at its Halewood plant today and the end of volume car production on Merseyside.

Union leaders also expect to be told that the plant has failed in its bid to produce the replacement for the Escort model, Britain's second most popular car. The decision would mean that for the first time Ford will have to import more of its cars

for the UK market than it exports. The group already imports all the Mondeos on sale here.

Halewood is now expected to build a new "People Carrier" vehicle, based on the Escort. Production of the existing Escort will continue until next year at a reduced rate, and the transmission department will remain open.

It is thought that 1,300 jobs will go, leaving around 3,000 jobs at the Merseyside works, but the end of volume car pro-

duction marks a sea change in the company's policy towards European production.

Management plans will be revealed to senior union representatives today at Halewood by David Gorman, head of manufacturing in Europe. The decision to down-size Halewood comes after a series of accusations about the plant's low productivity.

Tony Woodley, National Officer of the Transport and General Workers' Union, has threatened to bring Ford pro-

duction in Europe to a standstill if the company refused to produce the Escort replacement at Halewood.

The Saarlouis factory in Germany and the Spanish plant at Valencia have already been assured that they will be producing the new Escort, due to be launched in 1998.

Mr Woodley said yesterday: "I have to go into the meeting believing that it makes no economic or political sense to close Halewood. I am determined to come out of the meeting with

a car plant that will continue to produce high volume quality vehicles for this country and Europe." He warned of co-ordinated union action to save Halewood if necessary.

Ian McCartney, Labour's chief employment spokesman, said: "We have already lost 180,000 manufacturing jobs over the past few years in the North-west and this announcement would give the lie to government claims that they have created the investment centre of Europe."

Ford's vehicle production in Britain has declined from 635,000 in 1979 to less than 400,000 last year, while employment at the company's plants in the UK dropped in the same period from 75,000 to 30,000. Employment levels in Germany have remained level at around 50,000.

Ford union leaders have argued that the company should be increasing investment in the United Kingdom.

Ford last night refused to comment.

QUICKLY

Diana retreat

The Government was forced into an embarrassing retreat after reports that a minister described Princess Diana as a loose cannon for hacking a Red Cross campaign for a worldwide ban on the use of landmines.

Page 2

Seoul riots grow

Thousands of demonstrators fought pitched battles with riot police in central Seoul yesterday as the South Korean government appeared to be preparing for a political crackdown against striking trade unionists.

Page 12

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100 years on, Country Life puts pearls before swine

James Cusick

It has taken a 100 years. But after a century of rural, upper-crust, traditional, almost Puritan, values, *Country Life* has thrown moral caution to the wind and printed its first "page three" nudes.

With all the shock of a Hawaiian shirt worn for a deer hunt, the magazine famous for its Barbour-clad pin-up draped across a Range Rover has opted to celebrate its centenary with a bevy of beauties wearing nothing but their pearls. A tasteful nippie on page 88 and its accompanying *au naturel* rear-view are, according to the editor Clive Aslet, "tantamount to works of art by the photographer, John Swannell".

It may be an old excuse for the insertion of a bit of populist culture, but Mr Aslet insisted: "Look, I felt, here we are in existence for 100 years. And I took the conscious decision to show that we are not as stuffy as people think."

The usual "gels in pearls" portraits was ordered to be jazzed up. "I transcribed what I wanted to the fashion editor," Mr

Aslet said. "I thought we could make a little play, with girls wearing nothing but their pearls." The fashion spread will either be seen as turning the magazine into *Vogue* for the green-welly brigade, or a welcome relief from somewhat Victorian attitudes.

Although the pages of artistic nudity will attract attention, Mr Aslet is also celebrating the centenary with an attempt to predict what the next 100 years of Britain's country life will bring. For a magazine that lives in the past, its special report "A vision of the country AD 2097" makes some remarkable predictions.

Seeing "change more profound than has been seen in this century" the report is a catalogue of economic, social, environmental and cultural warnings. A bad century for the country house means that by 2097 a small rural pad will cost £250m. Increasing numbers of young people will move back into "service" as land and wealth are concentrated in even fewer hands.

The pessimistic analysis envisions

"most of the poor living on suburban estates, picking up casual work whenever they can; the rest will be servants for the rich". While Marxists would say "well, no change there", there are still more shocks.

One of the "alternative views" is that life in Britain by 2097 will become so grim that "almost everyone emigrates to the Pacific Rim countries on reaching the age of 14". The remaining geriatric population, for sport, will compete in an over-90s "Geri-Olympics".

The study is unsure about the effects of global warming and other climatic changes. There could be British rice from the "paddy fields of Suffolk" and a boom time for wine "grown as easily as jam", or rising sea levels reducing us to "ocean-grown" foods and meals like spirulina soup and red algae "meatballs".

Fox hunting, says the report, will be banned, but there is solace for the redundant red jackets and hounds because "it will be still available on black-market virtual reality discs".



Natural beauty. Jewellery fashion as it appears in the pages of *Country Life*

THE TABLOID

Jilly Cooper's music in the key of sex

INTERNATIONAL

How to beat a dictator. Your guide to people power PAGES 14-15



(See above).

BEST SELLING PREMIUM CASK ALE SINCE 1771

news

Deadly Scottish virus takes its toll of Forsyth

Something was up. My colleagues from the Scottish press were filing into the gallery (taking a break from their day jobs begging on London street corners, presumably), and the benches were filling up with Scots MPs. When the Secretary of State for Scotland, Michael Forsyth, took his seat, I knew we were in for another bite of *E coli* 1057, the virulent food organism that claimed the lives of 16 pensioners just before Christmas. A statement was due.

Some English MPs stayed to listen. Eric Marlowe, the Labour member for Carlisle, did so presumably because there is little to stop a virus travelling like *Bardot* raiders before it) the short distance between the Scottish lowlands



Tony Marlow stayed, probably under the impression that the E in E coli stands for Europe'

and his constituency. Unfortunately for Mr Marlowe, he fell under suspicion when a bleep went off in the chamber, followed by a chiming watch. Speaker Betty – a passionate hater of bleepers – frowned and Eric blushed, as the guiltless always do, when falsely accused. Tony Marlow (Rampant Europe, Northampton North) also remained, sprawled across a bench, probably under the impression that the E in *E coli* stands for Europe.

The last year has aged Mr Forsyth. When 1996 began he was still an *enfant terrible* of the right – lacking Michael Portillo's charisma, but making up for it in rat-like cunning and intelligence. Then came Dunblane (which

affected him immensely), the consequent Tory failure to understand the public mood on guns and – finally – the *E coli* outbreak, which he described yesterday as "one of the worst of its sort in the history". Yesterday, he looked haggard and middle-aged.

True to form, the interim report of the Pennington Group, chaired by Professor Pennington, had been available to the Government on New Year's Day, but to the Opposition only minutes before the ministerial statement a fortnight later. Also true to form, Mr Forsyth's approach was to take every action outlined in the report; to lock, bolt and armour plate the stable door now that the horse had bolted. There would be more

research, more surveillance, more enforcement of hygiene regulations and better handling of the next crisis.

His shadow, the avian George Robertson, was not placated. Had not the same Professor Pennington asked for funding for research last November and been refused?

What advice had the Scottish Health minister, (Lord Fraser of Carmyllie) given about the need for public disclosure on affected outlets? "Is this not the classic way this Government treats every crisis it faces – react to events rather than shaping them and always too little, too late?"

But this criticism is universal; under which party have there been no dissasters, no tragedies? This is no real-life Dr Finlay plot-line.

where plague comes to Tamochbrae, and is traced to the greedy butcher, the complacent health officer and a basic lack of hygiene.

And Scots perceptions that the tragedy has not received fair coverage simply because it happened in their country, are also wide of the mark. Had 16 Scottish teenagers died, the story would have dominated the London headlines. But no one (except their immediate families) really minds too much if old folk die – living pensioners have a call on our sympathies; dead ones are part of nature's plan. That is why healthy 80-year-olds enter hospitals for treatment to in-growing toenails and emerge dead – and no one bats an eyelid. Or makes a statement.

significant shorts

Gordon Anglesea

The top item in the Significant Shorts column in yesterday's edition referred to a complaint that has been made against the former North Wales Police Superintendent Gordon Anglesea.

We wish to make it clear that the complaint in question does not relate to minors or the untrue allegations of sexual abuse that appeared in television and newspaper reports, including *The Independent on Sunday*, between 1991 and 1993 for which Gordon Anglesea received £25,000 in legal damages.

We also wish to stress that no charges have been brought against Mr Anglesea in respect of the complaint under consideration.

Jail ship needed for three years

Prison overcrowding means a floating jail may be needed for three years, the Prison Service said yesterday. It is seeking planning permission to bring one from the US to Portland harbour, Dorset.

Richard Til, the Director General of the Prison Service, said the prison population of England and Wales was approaching 40,000.

He also disclosed that the country's 900 most dangerous criminals are to be concentrated in 13 prisons which will have extra security. Eight that hold category A inmates will be down-graded.

The move follows a recommendation in the report into the Parkhurst break-out which called for the most dangerous inmates to be kept in a smaller number of more secure units. Jason Bennett

Missing child seen with blond man

A blond-haired young man may have abducted the missing girl Zoe Evans. Detectives said last night, fears grew for her after witnesses told police they had seen her talking to him.

A slim, 5ft 7in tall man with shaven hair was seen walking with Zoe, nine, through a supermarket car park towards the railway station in Warminster, Wiltshire, on Saturday afternoon. She disappeared from her home in the town on Saturday morning. Another witness saw Zoe shortly afterwards on a footpath. A similar man in a black bomber-type jacket with a "Split" motif on the back was seen.

Superintendent Colin Dixon, head of Wiltshire CID, said Zoe had not appeared to be distressed. But he added: "As every day passes we are growing more concerned." Police urged anyone who saw her with the man to contact them on 01380 722341. A big search continued.

Break-out kit smuggled in'

Equipment was smuggled into a new maximum security jail to enable six prisoners to break out, Woolwich Crown Court, London, was told yesterday. They cut through two fences and climbed two walls to escape from Whitemoor jail, Cambridgeshire. All were recaptured with the help of a heat-seeking helicopter.

Liam Magee, 48; Liam McCotter, 33; Daniel McNamee, 36; Liam O'Dubhlin, 34; Peter Sherry, 31; and Andrew Russell, 34, deny escaping and possessing two guns with intent to endanger life. The hearing continues.

Random tests find Semtex

Two taxis based at Heathrow Airport were found to have traces of Semtex explosive by scientists carrying out random tests.

The discovery, which took the scientists by surprise, came during a Home Office study to assess the risk of innocent people becoming terrorist suspects through accidental contamination.

Traces of the Semtex constituent RDX were also found on a luggage handling surface at Heathrow.

The study, reported in the *Journal of Forensic Sciences*, was conducted by the Defence Evaluation Research Agency's forensic explosives laboratory at Fort Halstead, Kent. A spokesman said: "One possibility is that the taxis had carried a service person or somebody who dealt with explosives in a commercial capacity."

Sperm ruling delayed

Judgment was reserved in the Court of Appeal hearing over the refusal by the High Court to allow Diane Blood to use sperm taken from her dying husband for artificial insemination. The Master of the Rolls, Lord Woolf, said there were "difficult points for consideration".

Ad downed

A complaint about a beer advertisement brought by the European Commission and the European Movement has been upheld. The Advertising Standards Authority said the advertisement for Beck's Bier, which accused Brussels of interfering with the kind of water that could be used to brew it, was misleading.

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Missing girl seen with blond man

A woman has been missing since last Saturday. She was last seen with a man who has not been identified. Police have appealed for information. A woman has been missing since last Saturday. She was last seen with a man who has not been identified. Police have appealed for information.

needed years

'Break-out' smuggled

He did it for Alvin Stardust and Chris Rea: can he do it for Blair?

Millionaire businessman revealed as driving force behind Labour's controversial 'blind' fundraising trust



Christian Wolmar
Westminster Correspondent

private welfare organisation. It was a chance meeting with Mr Blair that led to his involvement in Labour fundraising. Mr Blair became a regular tennis partner last summer at Mr Levy's home in Totteridge, north London, and the two have become personal friends.

But inevitably, he has been drawn into controversy. Mr Levy refuses to discuss anything about his Labour Party role. The blind fund was created when John Smith was leader, but its very secretiveness has rebounded on Labour which traditionally has been much more open in its fundraising efforts than the Tories who refuse to disclose details of any donations.

Its existence led to the departure from Labour's fundraising team last year of Henry Drucker, the US-born academic, who had been credited with raising £340m for Oxford University. Mr Drucker wanted to close the blind fund - arguing that it was a Labour "own goal" and would prevent him reaching his own target of £6m - but this view was dismissed by Mr Levy in a stand-up row.

Mr Levy sold his record business in the late 1980s, and devoted much of his time to a string of Jewish charities, particularly as chairman of Jewish Care which is Britain's largest



Michael Levy (above) who was instrumental in the musical careers of Kylie Minogue (top left) and Alvin Stardust (right)

four-strong committee of fundraisers named late last year as Bob Gavron, the millionaire publisher who donated £500,000 to the party, Lord Attenborough and Tom Sawyer, the party's general secretary.

As well as raising money for the controversial blind fund, Mr Levy concentrates on raising big amounts for the party, involving cheques of £20,000 or more. Smaller sums are dealt with by an assistant who works in Mr

Blair's office. Mr Levy operates from his home in Totteridge. In his mid-fifties, he is widely described as personable, with immense charisma and charm, but he is also known to have a fierce and ready temper.

Whether raising money for Jewish charities, or the Labour Party, Mr Levy adopts the straightforward American method of getting people to give, rather than the normally more reserved British style. As



one donor put it: "He has a very blunt approach. How much can I put you down for?" is his standard approach. And it is highly successful.

Indeed, the success of Mr Levy's approach was typified by the story of Leslie Silver, the former Leeds United chairman, who was persuaded to give £25,000 to Labour late last year. Mr Silver was not a member of the Labour Party but had always been sympathetic and gave the money after Mr Levy approached him.

Friends say that Mr Levy, who was brought up in Hackney, east London, has always had left-wing sympathies. However, he only recently became a Labour Party member, having been attracted by Labour's more conservative policies.

He sold his old company,

Magnet Records,

to Warner Brothers in 1988, and now has a new business, M&G (for Michael and Gilda, his wife).

He helped launch the careers

of such artists as Alvin Stardust and Chris Rea, and Pete Waterman, the millionaire record producer who masterminded the singing career of the Aus-

tralian soap star Kylie Minogue.

Mr Waterman is effusive about his mentor, despite the fact that the two had many blinding rows: "He saw me as a DJ in Coventry and brought me down to London and offered me £100 per week which was more than double what I had been getting. Then a few weeks later, he said he felt guilty about paying me so badly and promptly doubled it to £200. He is the greatest businessman I have ever worked for."

Mr Levy gave Mr Waterman money to buy a suit, but then made him get rid of it saying it made him "look like my hank manager". Mr Levy was always the "straight" money man, leaving the creative side to producers and recording artists.

Mr Waterman says that Mr

Levy was a demanding but re-

warding employer: "We had some fabulous rows, but if one stood one's ground, he would

back you to the wall afterwards. It was as if he was testing you.

"If Michael takes an interest in an issue, he will deliver. The Labour Party are lucky to have him."

Ad downed

US broker to sell babies to British

Liz Hunt
Health Editor

The Department of Health warned last night that it may take legal action to stop an American "rent-a-womb" baby broker recruiting childless couples in the United Kingdom.

This follows advance publicity for a visit to London by Bill Handel, a lawyer and founder of The Center for Surrogate Parenting & Egg Donation in Los Angeles.

Six couples are signed up so far for Mr Handel's weekend seminar at the Hilton Hotel on 1 and 2 February, when he will discuss their going to Los Angeles to procure eggs or surrogate mothers. The centre's psychologist and lawyer will also take part in the discussions.

The total cost of a baby born in the United States to a surrogate mother from the centre is

put at between £30,000-£40,000. The cost of a donor egg for women who can carry a child but do not produce their own eggs is about £6,000, excluding medical, legal, and travel expenses.

Health ministers were last night seeking clarification from government lawyers on the Surrogacy Arrangement Act 1985 which forbids a third party other than the intended parents or the surrogate mother from working "on a commercial basis to negotiate or compile information" for surrogacy arrangements. Private arrangements between a couple and a woman willing to be a surrogate are not illegal.

Mr Handel could be arrested if he openly touted for business or advertised his services. However, he is publicising the visit without paying for advertising, and a press release issued yesterday by his spokesman Mark Williams is within the law.



Handel: List of 250 mothers

other couples were free to turn up to the seminar if they first contacted the centre in LA and received an invitation.

A DoH spokesman said: "We cannot stop couples going overseas to have a surrogate baby. But under the law in this country agents or individuals other than the surrogate mother or intended parents are prevented from acting on a commercial basis."

He added that "we may possibly want to take action but it is too soon to say what that will be. We will watch events very closely over the next few days."

The television chat show is re-invented - warts and all

Marianne Macdonald
Media Correspondent

The latest incarnation of the chat show format was announced by Channel 4 yesterday. The new programme will combine the traditional ingredients of a celebrity presenter and star guests, with fly-on-the-wall footage of the backstage production team.

The new show comes as a replacement for the axed Gaby Roslin talk show, which got into difficulties after its presenter refused to plug the films and books of celebrities.

The Show, hosted by the bear-like stand-up comedian Bob Mills, has been given the Gaby Roslin show's old prime-time slot: 10.30 on Saturday nights.

The programme, which shows the staff trying to put the show together as well as the resulting interviews, was devised by executive producer Jeff

Pope, who sold the idea to Channel 4 after gatecrashing a lunch with one of its commissioning editors.

Mr Pope came up with the idea after working on *Richard Littlejohn Live and Uncut* and *The Late Jonathan Ross*. He said: "It was while doing it that I realised that a talk show office is one of the greatest soap operas there is."

"The traditional chat show is pretty much dead in the water. People have got more sophisticated and this show offers something different."

The show's presenter agreed: "I think the traditional chat show lost its way in that people have moved on from the Michael Parkinson style of show in which famous people just come on and chat for a certain length of time."

The idea is that *The Show*'s team will provide the entertainment just as much as the star

guests. The pilot shows Mr Pope tearing his hair out as the programme overruns. Mr Mills plotting behind his back about what to wear and one guest, a teacher who sang a song, asking that any record companies which ring up as a result be given her home number.

Nothing will be sacrosanct judging by the pilot, which did

Mr Pope and Mr Mills no favours. The host was filmed picking his nose and scratching his armpits, and Mr Pope was shown cursing furiously as he raced to reception because no one had bothered to meet a star

prisoner would be taken.

Expect to see a lot of 25-year-old researcher, Rosie Lachetti.

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Cards

news

Officials are shot in serving eviction order

Alan Murdoch
Dublin

A county sheriff and two officials were shot and wounded yesterday as they arrived at a house in Ireland's border country to serve an eviction order.

They were accompanied at the bungalow three miles from the village of Bawnboy by three gardai, who quickly summoned armed colleagues from Cavan. The man responsible for the shootings is believed to possess a number of guns including one legally held firearm.

The shootings happened just after midday, shattering the peace of the serene lakeland country beside the forested slopes of Slieve Rushen mountain west of Ballyconnell.

Further shots were heard at around 1.30pm, apparently intended as a warning to gardai not to approach.

Gardai said the gunman was a German national in his forties

who lived at the house with his elderly mother, who is seriously ill with cancer.

Locals said he was a former employee at a Wild West-style ranch adventure centre owned by an Austrian businessman, who is also the legal owner of the farm and was seeking to regain possession of the property. The eviction move followed the failure of efforts by local people to settle the tenancy dispute.

The wounded men shot suffered superficial arm and leg injuries and were later said to be out of danger in hospital.

Gardai negotiators were last night talking to the man by telephone from a neighbouring house. They described the situation as "very volatile". Supt Patrick Browne, in charge of the siege operation, said: "I would appeal to him to come out and let us help him and help his mother get medical attention. This is very traumatic for her too."



Sedentary pleasures: Novelist Malcolm Bradbury in London yesterday after receiving the Pipesmoker of the Year award from the Pipe smokers' Council. Photograph: David Rose



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لسان العزم

Liverpool star 'saved goals by instinct'

Michael Streeter

The jury also saw how Grobbelaar failed to save a shot while playing for Southampton in September 1994 against Coventry, a game his side won 3-1. "... I pushed the ball into the back of the net ... and then we came and steamrollered [them]."

Zimbabwean international Grobbelaar, former Aston Villa striker Fashanu, 33, and Malaysian businessman Heng Suan Lim, 31, all deny giving or receiving money for influencing the outcome of football matches in a corrupt conspiracy, or using the money as a reward. Dutch-born Segers, 34, Fashanu and Mr Lim deny a similar charge. Grobbelaar denies a separate charge of accepting £2,000 from Mr Vincent as an inducement or reward to influence a match, in a "sting" operation carried out by *The Sun* newspaper.

Mr Calvert Smith said that during this sting, the newspaper had taped Grobbelaar, in conversation with Mr Vincent, during which his alleged admissions were made. The frequency of telephone calls between Grobbelaar and Mr Lim – allegedly the representative of the betting syndicate – just before and after matches showed the operation of what Mr Calvert Smith described as a "corrupt scheme". The night before the Norwich game there was evidence that Grobbelaar had crept out of the team hotel to meet Mr Lim at the Hilton hotel in Park Lane, London, to receive £500 to "cover expenses".

It was important, to the case, said Mr Calvert Smith, that there was evidence of a cooling off between Lim and Grobbelaar after the goalkeeper's failure to help Liverpool lose against Manchester United and Norwich.

The alleged scandal only came to light after *The Sun* published its allegations made by Mr Vincent, a former business partner of the goalkeeper, about the fixing of matches. The case continues.

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- It *won't* stop the wanton destruction of our fishing industry.
- It *won't* stop Britain being forced to run her economy, not for the benefit of her own people, but for the benefit of Europe.
- It *won't* stop Britain being forced to set the exchange rate of the pound, not to suit Britain's economy, but to suit that of Europe.
- It *won't* stop the tide of new regulations that are crippling our small businesses.
- It *won't* stop VAT being imposed on children's clothes, books, travel and even houses.
- It *won't* stop the fraudulent waste and huge expense of Europe's bureaucratic institutions.
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years

An epic portrait of struggle - or naive glorification of disorder?

Stephen Goodwin
Heritage Correspondent

The Museum of London was accused of "glorifying civil disorder" yesterday after it unveiled a reminder in oil of the riot in Trafalgar Square, when police fought hand to hand with anti-poll tax protesters.

Though even-handed in its treatment of both police and rioters, the 12ft by 9ft *History Painting*, by John Bartlett, is deliberately provocative. The imposition of the poll tax was one of Margaret Thatcher's most unpopular policy decisions and there was a mass campaign of non-payment.

In a traditional epic form, the painting will dominate the museum's London Now gallery which opens next Tuesday explaining the history of the capital since 1945.

It depicts the pitched battle that took place in Trafalgar Square and the surrounding streets on 31 March 1990. Protesters wielding sticks confront police, two on horseback, against a backdrop of Nelson's Column, the National Gallery and burning vehicles.

John Marshall, Conservative MP for Hendon South, said the painting was to some extent glorifying civil disorder. "These ri-

oters were seeking to alter government policy, not by reason but by force. There is no place for that in a democracy. I would have thought there were much greater episodes in London's history to commemorate rather than events conceived by Scargill's children."

Controversy and conflict are major themes in the gallery, with the redevelopment of Piccadilly and Docklands portrayed alongside newspaper type-setting equipment made redundant, along with its operators, after disputes with the print unions. Outfits and accessories from Mary Quant and Biba illustrate the "swinging Sixties".

Mr Bartlett accepts that *History Painting* might "upset a few people" but says its role is to provoke and confront people with an important event of the recent past.

"I think it's impartial. It's cold in a sense. I deliberately haven't used muddled emotion in the faces. I wanted there to be a seriousness about it."

The 36-year-old artist, whose studio is in Bethnal Green, east London, has drawn on great works of the past, including Picasso's *Guernica* as well as more prosaic sources, such as photographs lent to him by the Metropolitan Police.

The museum, which is par-

ly funded by the Government and the Corporation of London, has the painting on free loan from the artist. The curator, Mireille Galinou, said the museum should be used as a platform for reflection.

"It's a good painting from a serious artist. It is refreshing to see a serious painter approaches such a subject. How people interpret it is their business," she added.

Little has changed in battle dress since the time of the Parthenon Frieze, the shields are still round, yet now they are made from perspex; and the sticks and weapons rise up to the sky like the armies of Uccello and David of old," Mr Bartlett said. As to his personal view of the poll tax - the artist thought it "very unjust" but paid it none the same.

The museum, which is par-

to protest: *History Painting*, with artist John Bartlett, has been slated by a Tory MP for glorifying the poll tax riot (inset) Photograph: Andrew Buurman (inset: Jon Jones)



Frozen Britons rush for the sun

David Garfinkel

The recent cold spell has brought a boom in summer holiday bookings with sales for 1997 up 30 per cent on this time last year, travel agents said yesterday.

More than 2.1 million people had made bookings by Christmas compared to 1.8 million the previous year, and the trend is expected to continue.

Luna Poly, the UK's largest travel agency, said customers suffering from the winter blues had cheered themselves up by booking their place in the sun. Marketing director Peter Powley said: "One of the coldest winters for some time has sent thousands of people rushing to travel agencies to snap up warm, sunny holidays. While Spain is far and away the most popular choice, we're seeing more and more people going further afield."

Thomas Cook said its summer bookings were up by 70 per cent and there had been dramatic growth since December, with a rise in the average amount spent on a holiday. A spokesman said: "As is always the case in the UK, the weather will have a big say and this will ultimately determine our level of performance."

Another of the big operators, Going Places, predicts that January bookings will be 15 per cent up on last year.

But a spokeswoman for the Association of British Travel Agents, said it was more likely that people had learnt from the lessons of last year when many seeking late bargains encountered limited availability. "I am unconvinced the weather was the real cause of the holiday flurry. It is just as much to do with the fact travel agents are offering tremendous incentives to book early."

"Sales are way ahead of this time last year because the brochures were out earlier than ever before, but the amount of holidays on offer has not actually gone up."

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*Source: Savings Market, Summer 1996.

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international

Seoul stand-off: Government talks of Communist infiltration and places restriction on visiting trade unionists

Tide begins to turn on strikers in South Korea

Richard Lloyd Parry
Seoul

As thousands of demonstrators fought with riot police in central Seoul yesterday, the South Korean government invoked the bogeyman of communist infiltration in apparent preparation for a political crackdown against striking trade unionists.

On the second day of a nationwide general stoppage, the tide appeared to be turning against the strikers who have been staging intermittent actions for three weeks in protest against legislation which removes job security and denies the freedom to form unions.

A march by tens of thousands of pro-union demonstrators was broken up by police firing tear-gas canisters, but many workers ignored the strike call, and government officials hinted that union organisers are communists inspired by the Stalinist regime of North Korea.

"North Korea is agitating workers to topple the government," said Choi Byung Kook, a public prosecutor, at a televised news conference. "If the unrest drags on it will give North Korea an opportunity for revolutionary struggle. If the workers do not stop their illegal strikes immediately, the government will act in a firm and resolute way to protect the national security."

The first of the union leaders was arrested late on Tuesday night, and police have warrants for 19 others, including seven who are camping in the grounds of Myeongdong cathedral in Seoul. Thousands of riot police have sealed off the area every evening this week and there have been frequent and sometimes violent standoffs with demonstrators, including students, housewives and white-collar workers, as well as striking union members.

The strike leaders have promised to continue their action until the government withdraws revisions to the labour laws, passed in secret at a dawn session of the National Assembly on Boxing Day. Their cluster of tents, at the rear of the brick cathedral, is guarded by followers armed with iron bars,

and police have so far refrained from enforcing arrest warrants. Yesterday, however, at a cabinet meeting chaired by the Prime Minister, Lee Soo Sung, the government indicated that enough was enough. "The government's position [is] that the arrest of the leaders of illegal strikes cannot be delayed," a statement by the Cabinet Office announced, "even with some negative effects and repercussions."

This hard-line approach has been extended to delegates from the International Confederation of Free Trade Unions, who are in Seoul in support of their Korean counterparts. The four-man delegation, including two British trade unionists, was visited by police on Monday night and warned that their activities were illegal.

The government estimates that production losses during the three-week strike have cost the country \$2.4bn (£1.5bn) in lost production, principally in heavy industries like shipbuilding where the unions are strongest.

Yesterday, the Korean won sank to its lowest point for six years, at less than 850 to the dollar. But in service industries and in public transport, the strikes have been largely symbolic, partly in order to avoid alienating the public, and partly due to a poor turnout.

On Tuesday, the officially approved Federation of Korean Trade Unions began a 36-hour stoppage, and was joined yesterday by its former rival, the Korean Confederation of Trade Unions, an illegal and traditionally more militant body. The strike leaders had been predicting a turnout of 1 million, and troops had been mobilised to drive subway trains and man telecommunications equipment. But, apart from a slight shortage of taxis, the two-day strike has made virtually no difference to daily life in Seoul.

In the south-east city of Ulsan, non-union workers bulldozed through barricades to enter the Hyundai motor factory. But only three of Seoul's 88 bus companies came out and the government put the number of罢工 nationwide at 110,000, compared to a union estimate of 630,000.



Desperate measures: Striking workers and students try to kick away tear-gas canisters during a clash with riot police in Seoul yesterday

Photograph: Reuters

Foreign delegates accused of threat to public order

Richard Lloyd Parry

The South Korean government last night served restriction orders on a group of visiting trade unionists, accusing them of jeopardising public order.

Four representatives of the International Confederation of Free Trade Unions (ICFTU), including two from Britain, were visited by police and warned that they would be deported if they continued to meet Korean trade unionists and attend protest rallies.

Members of the delegation accused the government of intimidation, and expressed fears that a second mission, lead by the former head of the Amalgamated Engineering Union, Bill Jordan, may be refused entry when it travels to Seoul early next week.

The confederation, a Brussels-based umbrella group of 195 unions in 136 countries, has been sternly critical of Korea's revised labour law. The delegation has attended labour rallies and held highly publicised meetings with Kwon Young Kil, the head of the illegal Korean Confederation of Trade Unions (KCTU).

A statement issued by the ICFTU calls on the government to withdraw the legislation, cancel 20 warrants issued against KCTU members, and open a dialogue with its leaders with a view to legalising the union and its activities.

Late on Monday night, police visited the group in their hotel and warned that it was illegal for foreigners to visit and express support for the Korean strikers. On Tuesday, according to Guy Ryder, the British

director of the ICFTU's Geneva office, they were followed around Seoul by men in a black car. Last night each was presented with a restriction order.

"Your intervention to [sic] Korean workers strike would result in disturbing public peace and order, and the grave interests of the Republic of Korea, therefore such behaviour should be forbidden in accordance with Article 22 of the Korean Immigration Law," reads the document, issued in the name of the justice minister. "Additionally, if you violate above measures from now on, you are informed that you will be deported by Article 46-8 of the law."

"In my trade union career I have never experienced this kind of government interference in our stay and our business," said the delegation's leader, Takashi Izumi. Marceline

Malecotacci, of the International Metalworkers' Federation, accused the government of "intimidation".

A report will be submitted by the ICFTU to the Organisation of Economic Co-operation and Development (OECD), a Paris-based grouping of rich nations, which will convene a committee to consider the Korean trade union situation next week. When Seoul joined the OECD in December, it gave undertakings to allow its workers freedom of association which, according to the delegation, have been violated by the new labour law.

■ London - The Korean Confederation of Trade Unions will hold a demonstration today outside the Korean Embassy in London. Representatives of Amnesty International and the Trades Unions Confederation will also be present.



Bill Jordan: May be refused entry to South Korea

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international

Ten simple steps for the people to take

From Berlin to Belgrade, protesters have learnt how to form mass movements, mobilise support and fight back against tyranny. Independent writers analyse the key techniques

KEEP IT SIMPLE

Don't kid yourself that people are prepared to revolt in large numbers for democracy alone. The concept is too abstract, especially in societies with little experience of what it means.

To succeed, you have to tap into more tangible feelings of discontent and offer very basic promises of improvement. Serbians are not generally too bothered by the autocratic, corrupt nature of Milošević's regime; rather, they are at the end of their economic rope and deeply disillusioned at the way every promise Milošević made has been broken or betrayed.

When they bang on their pots and pans to drown out the state television news every evening, they are basically giving their version of Peter Finch in Network: "I'm mad as hell and I'm not going to take it any more!"



First wave: A Serb opposition supporter in Belgrade

BE NICE

The regime will blame you for being terrorists, bombers, madmen, everything. You must give them the minimum of ammunition, so that they, not you, will look dodgy when they make the accusations.

Discourage violent or anti-democratic rhetoric. Serbian opposition leader Vuk Drasković's wife, Dana, appeared early on in the crisis raving about blasting the way to victory. She has been sent to media Coventry ever since.

When a bomb explodes at a pro-establishment building or organisation – as happened in Belgrade recently – it will be ob-



Fist of power: taking cover from gunshots in Bucharest

HEROES

The revolutionary hero is a cliché – and one that needs to be carefully considered. On the one hand, a hero, or a figurehead, can be a real asset, especially if they have international profile. It helps to make the movement more than just a group of faceless, nameless people. Think of Aung San Suu Kyi, Lech Wałęsa, Vaclav Havel. The international media knows their faces, their names, their history. Indonesia's Megawati Sukarnoputri and the Philippines' Cory Aquino are no great political thinkers – but their lineage gives them respect and legitimacy and their gender gives them a power

against military governments which no man can have. It is much harder to arrest or execute a woman than a man.

But there comes a time when you need to say: it isn't your movement at all. In people's revolutions, the leader – the figurehead – is nothing, by comparison with the brave but undecretable people who have put themselves on the line. Unless you are Mandela or Havel, don't think you're that special. In Serbia, for example, many of those on the street have got more moral fibre in their little fingers than the people who prance around in front of the microphones.

Words that set off revolution

Marx: The workers have nothing to lose but their chains. They have a world to gain. – 1848

and the magistrate corruptible is evil.

Lenin: When force is necessary it must be applied boldly, decisively and completely. But one must know the limitations of force; one must know when to blend force with a manoeuvre, a blow with an agreement.

Mao: We must let a hundred flowers bloom and a hundred schools of thought contend and see which flowers are the best and which school of thought is best expressed and we shall applaud the best blooms and the best thoughts. – 1956

Jesus Christ: The truth shall set you free. – 25 (approx)

Gandhi: What difference does it make to the dead, the orphans and the homeless whether the mad destruction is wrought under the name of totalitarianism or the holy name of liberty and democracy? – 1942 and.

The moment the slave resolves that he will no longer be a slave, his fetters fall. He frees himself and shows the way to others. Freedom and slavery are mental states. – 1949

Anon (graffiti): Revolution allows the revolutionary to sublimate his sadomasochistic, neurotic, anal tendencies into a concern for the working class

Garibaldi: I can offer you neither honour nor wages; I offer you hunger, thirst, forced marches, battles and death. Anyone who loves his country, follow me

Shirley Williams: The saddest illusion of revolutionary socialists is that revolution itself will change the nature of human beings.

Oscar Wilde: Disobedience in the eyes of any one who has read history, is man's original virtue; it is through disobedience that progress has been made, through disobedience and through rebellion. – 1891

Robespierre: Any law which violates the inalienable rights of man is essentially unjust and tyrannical; it is not a law at all. – 1793 and;

Any institution which does not suppose the people good

HAVE A GOOD TIME

All the most successful movements have been superb at using entertaining ideas to get people smiling and keep them that way, even when the going gets tough.

Solidarity has to be a cheerful business. In Prague, people rang little bells and jangled keys. In Romania, they cut the holes out of the flag. In Serbia, they do everything from blocking the traffic to banging pots and pans during the television news.

Co-opt the best designers, the most popular actors, the funniest joke-writers. Badges or clothing with subversive messages become enormously popular. In Poland, they sold T-shirts saying "I am an anti-socialist element".

In general, it should be remembered that every successful revolution has at least half a dozen brilliant badges to be remembered by.

TAKE IT EASY

Keep your energy up. Serbia's students have been very smart in avoiding too many all-nighters and pacing themselves. Dictators, and political leaders in general, never get tired (as Italy's Giulio Andreotti once said, "power tires only those who do not have it"), and they are infinitely vigilant and patient (as François Mitterrand once said, "like cats, we sleep with one eye open"). Sit flagging can be fatal.

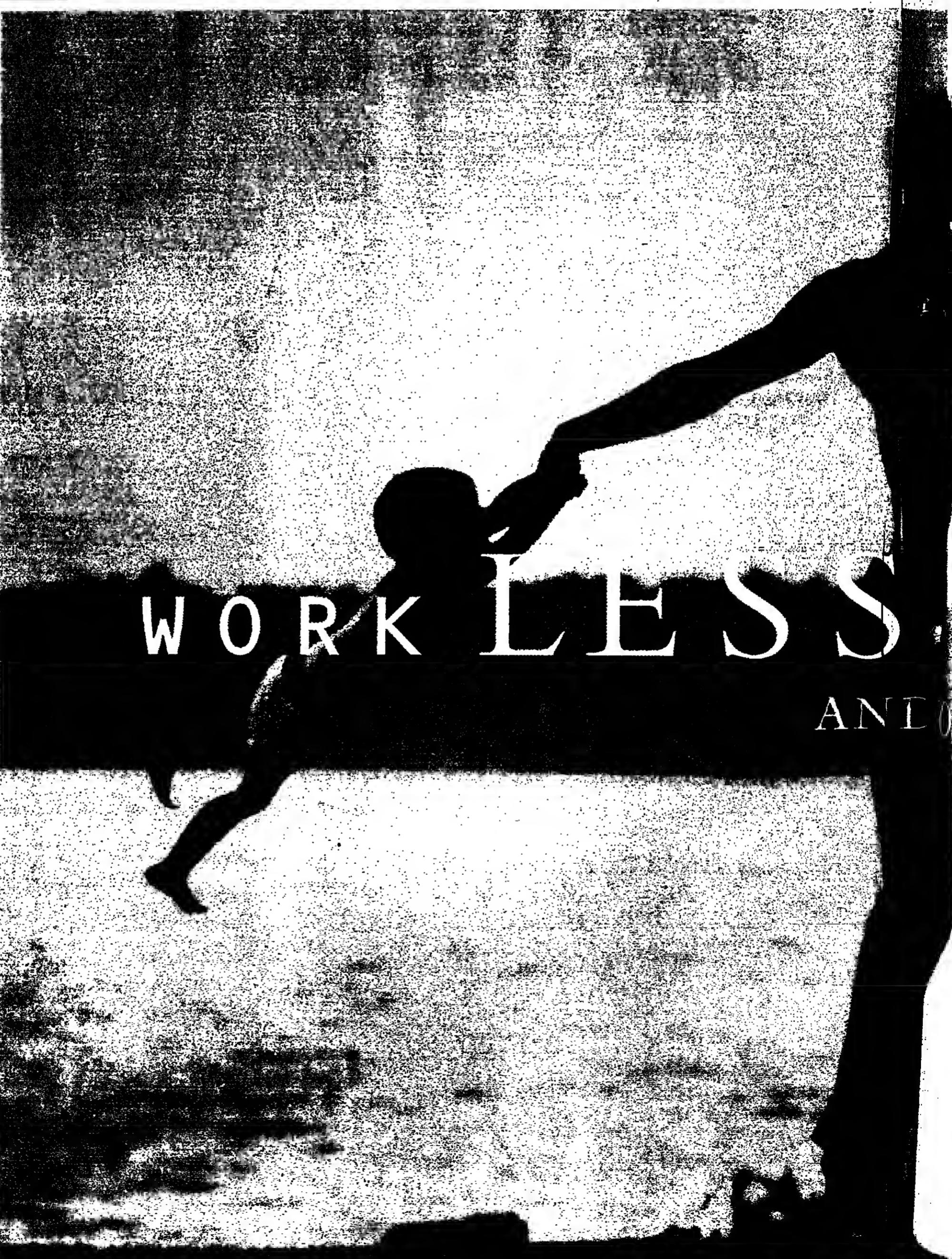
And don't ask people to do very much. The best East German demonstrations were in Leipzig, where you could attend a weekly church service, walk down the road, then go home. Like going to an exercise class, but much more fun. Sleepovers can be enormously effective (as in Moscow during the 1991 coup, or in the parliaments of the Baltic states, earlier that year), but they are best suited for defending a fragile democracy.



Shout: A student voices protest again Milošević

WATCH TV

Keep the media spotlight on you. The Baltic republic of Estonia was one of the most astonishing moments of the peaceful revolution was the television debate, organised by sympathetic producer. TV news is still, especially for all those stuck in the provinces. Foreign mediate even more important. Be amenable to foreign journalists, and find spokesmen who speak foreign languages. Foreign journalists are always courted, even do their work for them. East Timorese activists run to embassies to seek asylum during international summits - foreign correspondents love to get a real story as a break from boring briefings. As more interested newscasts get the more information will be beamed back into the country via foreign radio, and these days in a surprising number of countries via satellite TV. English-language slogans in good play on TV and in photographs. Think about pictures: Korean demonstrators hurl lit newspaper police in lieu of petrol bombs - they look great but do no real damage.



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Party time: Berliners enjoying themselves on New Year's Eve 1989 following the fall of the wall

COME TOGETHER

Keep the media spotlight on the Baltic republic of Estonia, one of the most astonishing moments of the peaceful revolution was a television debate, organised by a Baltic producer. TV news is especially for all those stuck in the provinces. Foreign media are even more important. Be amenable to foreign journalists, and spokesmen who speak foreign languages. Foreign journalists are so court them, even do their work for them. East Timorese activists run embassies to seek asylum during international summits - foreign correspondents love to get a real story from boring briefings. More interested newsmen get more information will be back into the country via foreign radio, and these days in a surprising number of countries via satellite TV. English-language slogans good play on TV and in photographs. Think about pictures: our demonstrators hurl their newspapers at police in lieu of petrol bombs. Look great but do no real damage.

Persuade hits of the establishment to crack. All dodgy regimes love the trappings of respectability. They cosset the establishment. If you can persuade the establishment to seem publicly disloyal, you're in clover. Strikes by actors, orchestras, protest letters from writers' unions - all of these have played an important role as early-warning signs in the past. Students and dissidents can be written off as troublemakers.

But when theatres are dark or the concert halls closed, that gets embarrassing. If the army cracks, too - as it has in Serbia, to some extent - that's a bonus. You may think that old general or ancient apparatchik is a vile racist. But if he also wants the regime to go, put your feelings to one side. Your mum may think he is the best thing ever.

Unlike in democratic elections, where dodgy individuals lower the tone of an entire party, you need a hit of everything in people's power, to let your movement reflect the rich tapestry of life.



Poster power: An anti-communist rally in Manila in 1986

BE GRADUAL

Be seriously gradual; only ask for things which the mad totalitarians have already signed up for, thinking the commitments can be ignored. Thus, in the Soviet Union, the much-mocked Helsinki agreement was powerfully used by dissidents. They insisted they were not against Soviet Communist power as such (usually a lie: they were against it, with good reason), but were merely protesting against the flouting of a particular article in the Soviet constitution or the Helsinki final act.

Similarly, in Serbia, the demonstrators have not fixed their sights on Milosevic but have instead focused on the refusal to accept the results of an election which he himself allowed to proceed. Emphasise your respect for the rule of law - bring detailed legal actions before adopting quasi-legal or illegal methods.

Each little concession helps you to win. Ryszard Kapuscinski, in his account of the Iranian revolution, *Shah of Shahs*, calls it the "zigzag to the precipice". It is just a matter of whether your society is ready to boil. Press home concessions by asking for another little change.

THINK AHEAD

Prepare the ground for when the basic victories are won. If demonstrations have the desired effect, a protest movement can very quickly become an embryo government - and that is when the real problems start, as Vaclav Havel, Lech Walesa and plenty of others found in the 1990s.

Without proper planning, your brave new government could quickly become deeply unpopular and then the bastards you worked so hard to overthrow might just come back again before they have had a chance to be properly reformed. It takes a long time for fully functioning democracy to take root, and vigilance must be maintained (ask any Bulgarian about this). Right now, the opposition in Serbia is making all the right noises, but what will happen if they get into power?

In Serbia's case, start thinking about an international rescue plan to get the economy out of the doldrums. Think about aid to set up independent radio and television stations and international monitors to advise on and watch over free elections.

Think about equipment and training for new businesses and municipal services. Seek advice on which industries are viable and which are just clogging up the atmosphere.



Shoulder high: A young boy joins a protest in Leipzig, East Germany, in 1989

Photographs: Popperfoto

DON'T GO ON PROMISE

Don't settle for any compromises and don't be conned. Once you compromise, you are lost. The bastards always try to squirm their way out of trouble, but you should always push for total capitulation. Remember: they think democrats are mugs, and they are comfortable with brazen lies. Get any agreements in writing, or (better) get the Prime Minister or President himself to read out the agreement in a humiliating televised climbdown. A promise is not a promise until it has been read out on the main evening news - midnight late news, another trick: they sometimes try, is emphatically not good enough. The East Germans didn't stop when Honecker resigned and they didn't stop when the wall came down; only once the opposition was invited out to a round table with the government and elections were called did they consider the battle to be won. By contrast, in Belgrade in March 1991, anti-government demonstrators allowed themselves to be conned by Milosevic's promises that he would meet their various demands; the fizz then went out of the protests and the government rapidly recovered control. This time around, Milosevic is being equally slippery, but the opposition and the students seem to understand that it ain't over till it's over.

Alchemy that makes heroes of malcontents

Steve Crawshaw
Belgrade

The smouldering discontent of a small minority has finally burst into flames. After years of waiting, the heat in one part of the Serbian haystack has set the whole haystack ablaze. As a Serb friend said this week: "I'm so happy. At last, I feel I'm not alone."

Why now? Why have hundreds of thousands of Serbs gone out on the streets in recent weeks? There is a chemistry at work, but it is a mysterious chemistry. Many elements - poverty, fear, resentment, hopelessness - are combined.

Just below the hotel room where I am now sitting, I have in past years stood amid demonstrators in Belgrade, and asked myself and others whether, this time, the protests will gain unstoppable momentum. Each time, we shrugged and admitted ignorance. It seemed unlikely, given the apathy around us.

Slobodan Milosevic, the Serbian president, has always been a master of tactics. Now, at last, he may have over-reached himself. In 1991, he used tanks against protesters, and, just to be on the safe side, he launched a war. That kept the lid on things, for a time at least. Getting involved in a war, as even democratic leaders know helps any government in distress. Later, Mr Milosevic showed an astonishing ability to persuade Serbs that they were permanently threatened, and that they must therefore support him, Serbia's only hope.

Throughout the years of the Yugoslav wars, the protests in Belgrade remained relatively small. Serbs, who in the Second World War had shown enormous bravery in the struggle against the Nazis, seemed passive in the face of a demagogic leader of their own.

The pattern of events in other countries has shown, however, that even the most apparently compliant population can finally be goaded into protest, when the time is right. In Czechoslovakia, people sat almost quiet for 20 years after the Soviet invasion of 1968, licking their wounds and adjusting to the new realities. A few thousand demonstrated in August 1988. At the end of October 1989, a crucial demonstration in Prague was too small to get the ball rolling - through a mixture of apathy and fear. But, less than three weeks later, another demonstration got thousands of students out on the streets and ignited the spark. The turning point: police beat up demonstrators, and one man was

thought to have been killed. At which point those Czechs who had been muttering words of loyalty one day were out on the streets the next. The use of violence, intended to intimidate, had the opposite effect.

In East Germany, as in Serbia, a fake election result triggered the opposition demonstrations which eventually brought the regime down. The local elections in May 1989 were rigged even more shamelessly than usual. The Leipzig were ready to do something about it. Through the summer and autumn, numbers attending Monday demonstrations kept increasing. When the regime be-

came the most compliant nation can be goaded into protest when the time is right.

gan to panic, it decided to use the Tiananmen Square option, which it believed that Peking had so successfully used in June. Unfortunately, this was the crunch: when people realised that the authorities were ready to shoot, more, not less, of them decided to risk their lives. The regime's thuggishness persuaded many to show bravery on that 9 October in Leipzig.

In Latvia, one night before an expected assault by Russian troops in February 1991, I met an elderly couple dancing in the packed city streets: they partied their way through the night, so that their presence, and that of thousands of others, might make the political cost of a military assault unacceptable high.

When the going gets tougher, the decisions, in some respects, get easier. In Stalinist times, it was literally suicidal to defy the authorities. But in less obviously murderous regimes, the risks are worth weighing up. Indeed, it sometimes seems that there are no real choices. As the old saying put it: if not now, when?

In Serbia today, the balance

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obituaries / gazette

Lord Todd

Lord Todd, former President of the Royal Society and Nobel Laureate in Chemistry, was a colossus of 20th-century chemistry and will be remembered not only for his contribution to the chemistry of the nucleic acids – work that led to the solution of the genetic code and the subsequent development of genetic science – but also for his part in raising the status of science to its apogee in the 1960s.

Alexander Robertus Todd was born in Glasgow in 1907, in an unprivileged family which had bettered itself by hard work; respect for education was deeply ingrained in it and in him. He began to experiment in chemistry even before his secondary schooling at Allan Glen's School, the Glasgow High School of Science, and he went to take a First in Chemistry at Glasgow University.

In those days, Germany was the country for organic chemistry and Todd, attracted by the molecules found in living matter, went to Frankfurt to take his DPhil with the German organic chemist Walter Borsche. Those were the last days of the German science wrecked by the Nazis, who discriminated against all scientists who did not conform to their ideology, leading to a movement of scientists out of Germany from 1933 onwards.

In 1931 Todd gained a Senior Studentship from the Royal Commission for the Exhibition of 1851, the far-sighted foundation that did so much for British scientists, and he spent it at Oxford with Sir Robert Robinson, working with great success on chemical synthesis of the anthocyanins that colour flowers and fruits. By the time he left Oxford in 1934, his style as a chemist was formed: wide-ranging, and undeterred by difficulties.

Todd's first independent researches, at Edinburgh and at the Lister Institute in London, were on the structure and synthesis of vitamins. It was a highly competitive field and, although he did not arrive first at

syntheses of thiamin (vitamin B1) and tocopherol (vitamin E), his synthesis of thiamin became the one used commercially. He also worked on cannabis, and in his excellent autobiography *A Time to Remember* (1983) he tells with relish the story that, having naively imported 6lb of distilled cannabis resin donated by the Indian police, he had to promise Customs that he would send 25 copies of any ensuing paper to their Bureau of Drugs and Indentent Publications.

His reputation was growing and appointment as Sir Samuel Hall Professor at Manchester at the age of 31 put him in charge of a major chemical department. He must have impressed his seniors, as he impressed a very junior me when we first met in 1941, with his calm constructive approach to all problems, scientific or administrative. He knew what must be done and he usually knew how to do it.

The Second World War years limited Todd's research effort (he worked on war gases that were never used) but he was able to start the research that

was to win him the Nobel Prize in 1957. The nucleic acids, famous now as RNA and DNA, were at that time ill-defined components of living cells. The connection with inheritance and mutagenesis was guessed at, but without evidence.

The individual building blocks (sugars and purines and pyrimidines) were known, but had not been put together, and nobody knew how to use the mortar (phosphate). Todd had to assemble them from four unrelated fields to solve problems that nobody had tackled before; and he succeeded by a systematic assault that owed nothing to luck. His synthesis of ATP (adenosine triphosphate), the carrier of chemical energy, was a measure of the mastery he achieved. This field is now so well developed that putting together a polynucleotide is an assembly-line process done by machines; but Todd was the pioneer.

Politically, Todd was a right-wing elitist, as people who have risen by merit often are. He deplored the expansion of university education, fearing that



A benevolent fox: Todd won the 1957 Nobel Prize for his work on nucleic acids - RNA and DNA

Photograph: Hulton Getty

it would produce too many clerks and too few Indians; but he was not narrow or intolerant. People trusted him and sought his advice. I remember talking with Vladimir Prelog, a fellow-laureate, and asking him if he knew what "fox" meant in Scottish. "Yes," said Vlado, "A fox. A benevolent fox."

In 1987 Todd married Alison Dale, daughter of Sir Henry Dale who was soon to become President of the Royal Society. They had a son and two daughters. Her death in 1987 was a heavy blow to him, compounded by injuries and illness. He spent his last years quietly at Cambridge, and retained his faculties to the end.

John Cornforth

As a Scottish MP, writes Tam Dalyell, may I record the debt that two generations of our

constituents owe to the work of Alec Todd in helping to set up Strathclyde University? Sir Sam Curran FRS, its first Principal (1964-80), who chose Todd as the first Chancellor, recalls: "After tough arguments with Sir Keith Murray, then chairman of the University Grants Committee, agreement was reached that the Glasgow Tech should become a university. Murray asked me, 'What about a first Chancellor?' I said he must be a Scot. He must represent the sciences. He must be seen as a heavyweight in academic affairs. We chatted together, 'Only one man fits that bill, all three criteria. Get it in one! Alec Todd.'

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John Cornforth

As a Scottish MP, writes Tam Dalyell, may I record the debt that two generations of our

Parliamentary and Scientific Committee during the period when Todd was our president (1983-86). I saw at first hand his assiduous attendance and contribution to the nuts-and-bolts work of the committee. He was ever concerned with what Parliament could do about scientific manpower.

As a member of the "Other Place", I pay respectful tribute to the quality of reports on subjects such as engineering, research and development education and training for new technologies, occupational health and hygiene services, research on the relationship between agriculture and the environment, new space technologies, and guidelines on land use which came out during the time between 1980 and 1984 when Todd was chairman. He

was superb at picking subjects – remote sensing and digital mapping, for example – which were not of obvious importance at the time but which subsequently were seen to be very important.

Alexander Robertus Todd, organic chemist, born Glasgow 2 October 1907; Reader in Biochemistry, London University 1937-38; Sir Samuel Hall Professor of Chemistry and Director of Chemical Laboratories, Manchester University 1938-44; FRS 1942; Professor of Organic Chemistry, Cambridge University 1944-71; Fellow of Christ's College, Cambridge 1944-96; Master 1963-78; Kt 1954; Nobel Prize for Chemistry 1957; created 1962 Baron Todd, Chancellor, Strathclyde University 1965-91; Fellow 1990-96; OM 1977; married 1957 Alison Dale (died 1987; one son, two daughters); died Cambridge 10 January 1997.

Professor C. P. Magill

The German scholar Charles Philip ("Peter") Magill was the son of an Irish civil servant, and one of his early memories was of being escorted to school by a British soldier with a fixed bayonet. This experience played its part in the development of his constant adult desire to see literature in its social and historical context.

Physically he was wiry and compact, and his scholarship – one might say accordingly – was unfussy, economical and, above all, lucid. He hinted in conversation that far too many publications in his field were characterised by other virtues. Like many truly erudite men, he claimed to know little, but wrote informatively on 19th-century German literature and its reading public, and on the 18th-century classics.

Studies of German and Austrian comedy, Goethe, Schiller, J.P. Hebel and Heine are prominent in his output, which was mostly in the form of essays in academic journals. His *German Literature, a survey from the Middle Ages to the present century*, was published in 1974. As a co-editor of the academic journal *German Life and Letters* over 20 years he did much to guide and encourage younger colleagues. His advice was always perceptive and valuable.

Magill's First in the Modern Language Tripos at Cambridge in 1932 was followed by three years as a schoolmaster at Haberdashers, and then by some years spent in research, leading to appointment to the staff of the German Department at University College London in 1938. He spent the war years with the Royal Artillery, the London Irish Rifles, the Intelligence Corps and the British Military Mission to Yugoslavia.

After a period back on the staff of London University he was appointed to the Chair of German at the University College of Wales, Aberystwyth, in 1952, where he also served as Dean of the Faculty of Arts and Vice-Principal of the college. His tact and discretion made him an excellent head of department, and students and colleagues alike enjoyed generous hospitality from him and his beloved wife Kathleen.

During his 19 years in office, Aberystwyth was struggling to come to terms with the fact that its pre-war nonconformist ethos would have to change as new generations of emancipated students arrived to rebel against the Old Order. Magill did much to ease the inevitable developments, and frequently defused potentially difficult situations by a humorous remark, causing indignant moralists to find their rage turning to laughter. The Festspiel presented to him in 1974 commented, appositely, on his "shrewdness of judgement and exemplary diplomacy".

He could always see the best in everyone, without being blind to the worst. One did not mess with "CPM", as those who attempted anything less than honest and fair found to their cost. Be four-square with him, however, and he was kindness itself.

L. Thompson
and G. A. Wells

Charles Philip Magill, German scholar; born Dublin 11 December 1916; Professor of German, University College of Wales, Aberystwyth 1952-71 (Emeritus); married 1934 Kathleen Thomson (died 1990; one son, one daughter); died Croydon 10 January 1997.



Jean-Edern Hallier, writer and broadcaster, born Saint-Germain-en-Laye 1 March 1936; married 1965 (one son, one daughter); died Deauville 12 January 1997.

Pierre Perrone

Jean-Edern Hallier, writer and broadcaster, born Saint-Germain-en-Laye 1 March 1936; married 1965 (one son, one daughter); died Deauville 12 January 1997.

Tony Heath

David Morgan ("Mogg") Williams, poet and miner; born Ogmore Vale, Glamorgan 15 February 1928; married 1949 Joyce Barrett (one son, one daughter); died Ogmore Vale 11 January 1997.

Williams: "people's poet"

Jean-Edern Hallier



Haller: "little brat"

After working in publishing, he launched the literary review *Tel Quel* ("The Way It Is"), with Philippe Sollers and Jean-René

Hughenin, in 1960. They intended to prick the pomposity of French literary circles but, within three years, Hallier had fallen out with his fellow writers. This penchant for pique and volte-face became a regular feature of the next 30 years.

In 1963, Hallier published his first novel, *Les Aventures d'une jeune fille* ("The Adventures of a Young Girl") to acclaim. He later blew his own trumpet with the semi-autobiographical *Le Grand écrivain* ("The Great Writer"). *Chagrin d'amour* ("Unhappy Love Affair") followed, a fictionalised account of time spent in Chile, which nearly earned him the Prix Goncourt but also contributed to his first downfall. In January 1975, the

daily paper *Libération* alleged that Hallier had kept a third of the \$3,000 he was supposed to have delivered to the Chilean guerrillas fighting the Pinochet regime, and that he wasn't a man to be trusted.

The writer bounced back but on the way he was embroiled in controversy. In 1979, he published *Lettre ouverte à un colon froid* ("Open Letter to a Cold Hake"), a pamphlet attacking President Giscard d'Estaing. France laughed and François Mitterrand, already a keen admirer, was amused. The two became friends. Hallier even nursed the belief he would become Minister of Culture in the event of a socialist victory. Come May 1981, he was bitterly

disappointed when Jack Lang was preferred. Hallier turned against the French president and became his *bête noire*. As a member of Mitterrand's inner circle, Hallier had discovered the existence of Mazarine, the socialist leader's love child by Anne Pingeot. He had also heard about his visits to Poland to consult cancer specialists. Hallier intended to expose him in *L'Honneur perdu de François Mitterrand* ("The Lost Honour of François Mitterrand") but, by 1984, 17 publishers had turned the book down.

Their lack of enthusiasm might have been due to government pressure but Hallier's weakness for publicity stunts didn't help. In April 1982, he

claimed to have been kidnapped by the French Revolutionary Brigade, a bogus organisation consisting mostly of Hallier associates. When he was "released" a week later, the police could find no trace of his kidnappers. Hallier was now libelling people indiscriminately and had purportedly become "the most haggard man in France". He attempted to blackmail the French administration into dropping huge tax claims against him by threatening to reveal everything he knew about Mitterrand (including his war record).

Strangely, the taxman lost interest around the time Hallier burnt his manuscript in front of the Elysée Palace, but the writer had kept a copy and it came out last year, selling 300,000 copies. Hallier's death occupied most of the French dailies' front pages on the day after his death. They couldn't agree on what exactly he'd brought to the public life of France. *Libération* led with "novelist and trickster". *Le Figaro* opted for "ragged man of letters" but *France-Soir* didn't mind words and called him "a little brat". Hallier would have relished the absence of consensus.

Pierre Perrone

Jean-Edern Hallier, writer and broadcaster, born Saint-Germain-en-Laye 1 March 1936; married 1965 (one son, one daughter); died Deauville 12 January 1997.

Tony Heath

David Morgan ("Mogg") Williams, poet and miner; born Ogmore Vale, Glamorgan 15 February 1928; married 1949 Joyce Barrett (one son, one daughter); died Ogmore Vale 11 January 1997.

Williams: "people's poet"

Mogg Williams

followed the traditional route of those times by working underground. A pit accident forced him to leave the mines after some 20 years and he took to writing. "Spin blind wheel", he wrote in his poem "The Pitwheel". You bastard spin. I have seen you win. A stream of coal from the underground. Into the running light of day. The titles of his collections in-

clude *Poets, Pitwheels and Ap-
plies* (1975), *Mogg's People* (1985), *Of Breads, Gods and Men* (1987) and *Ropes of Smoke* (1992). He published much of his work himself and gave away any profits to good causes, particularly those which helped to sustain mining communities.

At the 1974 South Wales Miners' Eisteddfod he was presented with a silver miner's lamp in recognition of his n-
ing relief from the hardships of picketing and making ends meet. He played a similar role a decade later when the miners of Tower Colliery, in the Cynon valley, waged a successful campaign to buy their pit, which has just celebrated its second anniversary as a profitable co-operative.

Some of his poetry and prose was broadcast on radio and television and his first stage play,

On *Wordberry Hill*, was directed at the Sherman Theatre in Cardiff by Karl Francis, now head of drama at BBC Wales, in 1980.

nic parentage and was joining a workforce which had not previously employed anyone from an ethnic minority.

From the outset he was subjected by fellow employees to harassment of the gravest kind. He was called by such racially offensive names as "chimp" and "monkey". A notice had been stuck on his back reading "Chimpanzees go". Two employees whipped him on the legs with a piece of wire and threw metal bolts at his head. One of them burnt his arm with a hot screwdriver, and later the same two seized his arm again and tried to put it in a lasting machine, where the burn was caught and started to bleed again.

Unable to endure this treatment, Mr Jones left the job after four weeks. He made a complaint against the employers of racial discrimination, contending that his fellow employees had subjected him to a discriminatory detriment on racial grounds under section 4(2)(c) of the 1976 Act, and that the employers were liable by virtue of section 32(1) because the act had been done by the employees in the course of their employment.

Two principles were involved. First, that a statute was to be construed according to its legislative purpose. Second, that words in a statute were to be given their normal meaning according to general use unless otherwise indicated.

The tribunals were free to interpret the ordinary and readily understandable words "in the course of employment" in the sense of employment, the reading of the phrase "course of employment" as subject to the gloss imposed on it in the common law context of vicarious liability.

To read it in such a way would cut across the whole legislative scheme and underlying policy of section 32.

The general thrust of the 1976 Act was educational, persuasive and, where necessary, coercive. The relief accorded to victims of discrimination went beyond the ordinary remedies

of damages and an injunction, introducing provisions with a proactive function, designed as much to eliminate the occasions for discrimination as to compensate its victims or punish its perpetrators.

A purposive construction required section 32 (and the corresponding section 41 of the Sex Discrimination Act 1975) to be given a broad interpretation.

While there was a broad conceptual similarity between an employer's responsibility both in the context of tortious liability in an employment context and in discrimination in the employment field, that similarity was insufficient to justify, on a linguistic construction, the reading of the phrase "course of employment" as subject to the gloss imposed on it in the common law context of vicarious liability.

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The general thrust of the 1976 Act was educational

analysis

Double standards for terrorists

Even the dogs on the streets of Belfast know that the loyalist paramilitaries have broken their ceasefire. Why, then, are they still at the peace talks, asks David McKittrick

The tooth fairy made its first ever recorded appearance in Northern Ireland politics this week, brandished with biting wit by one QC against another.

UK Unionist Party leader Robert McCartney used the mythical creature to slice through Sir Patrick Mayhew's reluctance to blame loyalists for the two boobytrap bombs placed under republican cars last month.

He combined scorn and bitter Belfast humour to challenge the Northern Ireland Secretary's obfuscations - "Do you think it was the tooth fairy that's planted the bombs? Do you think it is a band of tooth fairies that are breaking legs and crucifying people throughout Northern Ireland?"

He was not the only one to believe that Sir Patrick was telling fairy tales with his assertions. In the teeth of all the evidence, that the loyalist ceasefire was intact. The minister's claims were greeted with general derision in political circles.

More amusement greeted the assertion of his deputy, Sir John Wheeler, who employed considerable linguistic ingenuity to describe the loyalist ceasefire as "partially intact". Yet this was more than just an opportunity to chuckle at a minister's public discomfiture. It was an episode that posed

far-reaching questions about this government's approach to Northern Ireland and the peace process.

It is worth asking how a minister came to be making statements that nobody in Ireland believes and how the Government exposed itself to such ridicule. It is also worth looking at the likely lasting effects of the whole bizarre performance.

The dogs in the street knew loyalists planted the bomb that injured republican Eddie Copeland, and the device that a Londonderry republican spotted beneath his car. Loyalist sources said it did security sources; and so, in a radio interview, did RUC Chief Constable Ronnie Flanagan.

Sir Patrick's motivation in striking a pose so much at odds with reality was to avoid having the political representatives of loyalist paramilitary groups expelled from the Stormont talks. The arguments in favour for their ejection are clear enough.

Fringe loyalists such as David Ervine and Gary McMichael have won widespread respect for their performance. They are articulate and, in the eyes of most observers, genuine when they say they want to move their associates away from paramilitarism and into politics.

The two fringe loyalist parties, the Progressive Union-

ists and Ulster Democratic

Party, have their own mandate,

having won 5.7 per cent of the vote in an election last year. But it is also well understood that they have strong links with the paramilitaries and in effect speak for them.

They were allowed to join the more orthodox parties at the talks because the loyalist ceasefire was still in existence and because they formally subscribed to the Mitchell principles of non-violence. In doing so they solemnly declared their "total and absolute commitment to democratic and exclusively peaceful means of resolving political issues". Yet they have repeatedly refused to condemn the bombings.

The boobytrap attacks were not the only departure from these high ideals. Last summer a loyalist renegade outfit killed a Catholic. The paramilitary bosses then issued a public death threat against two of the dissidents. Like the IRA, the loyalist groups persist in carrying out frequent savage "punishment attacks" in the ghettos. Like the IRA, they have decommissioned some of their weapons, and show no sign of ever doing so.

In fact, their ceasefire, declared in October 1994, makes it clear that their suspension of violence is highly conditional. It was, and is, con-

ditional on two separate counts, being explicitly dependent on republican violence and on their belief that the union with Britain is safe.

In sum, it is not perfectionist pedantry to conclude that the loyalist record of commitment to democratic means alone is far from perfect. There has been a fair bit of what Sir Patrick's deputy, Michael Aherne, described this week as "dishonouring of the democratic principle". If the Mitchell principles are to be strictly adhered to, it is clear there are telling arguments for their ejection.

But it is also clear that ministers will do everything they can to keep the loyalists at the table: warts, boobytraps and all. Their approach is not pure but purely pragmatic, for there are strong reasons for not punishing the loyalists.

Principal among these is the saving of lives. The hard fact is that casting out the loyalists would almost certainly produce an escalation in violence. Some of the political loyalists say privately that their presence at the

Stormont table has helped steady the militants in the ranks, and that without this access to political life the ceasefire would have collapsed long ago.

Their expulsion from the talks, they argue, would remove this crucial political constraint: the paramilitary bosses would abandon the experiment of giving politics a chance and go back to war, with a vengeance.

The IRA, with its recent attacks, is either banking on such a violent loyalist uprising or is at best indifferent to it. If both sides take to the field again together, the result is likely to be a new spiral of violence on a scale not seen for years. Such a scenario would mean not only loss of life but also greatly reduced chances of reviving the peace process or maintaining the talks process.

This perspective was summed up by Ulster Unionist leader David Trimble, who urged caution and warned: "We must not act in a precipitate way so as to bring about more violence." This approach, if applied to the IRA at any stage, would be instantly denounced by the Government and Union-

ists as crass appeasement: this time it was quickly accepted.

Another cogent argument is that the banishment of the loyalists would probably wreck the talks themselves. With Sinn Fein absent and the talks remaining deadlocked on the arms decommissioning issue, the talks have little real public credibility as it is. A loyalist departure could finish them off.

Even if it did not do so immediately, it would practically preclude the possibility of any eventual agreement in negotiations. McCartney and his closest ally, Ian Paisley, have made it plain enough that they have no interest in reaching a deal with nationalists.

Trimble has shown no enthusiasm in this direction either; but for the talks to have even a notional chance of success it is necessary to envisage not a Hume-Adams agreement but a Hume-Timble accord.

Some in government cling to the hope that this might be possible, on the far side of the general election.

But for that to come about Trimble would need a top-up

from other Unionists to meet the official requirement of achieving "sufficient consensus" from each community and realistically the only candidates in sight to give him support are the fringe loyalists. If the loyalists go, they will therefore take with them most of the remaining hopes for a negotiated agreement.

Such considerations help explain why Sir Patrick faced with such a dilemma, opted to try to keep the loyalists inside the tent. But in doing so not with some degree of frankness, but rather with an explanation that can only be described as credibility-free, he has probably stored up trouble for his successor.

This is because his stance will be cited, for years ahead, in the never-ending and crucially important debate within Irish nationalism on whether Britain is neutral in Ireland, and whether it deals even-handedly with Unionists and nationalists. Its importance lies in the fact that the IRA uses the term "neutral" to describe itself.

But even so, the sense that the Government has one set of standards for the loyalists and another for republicans has rarely been more heightened.

During the peace process the republicans were handled as though radioactive; now the loyalists are benefiting from pragmatism in plenty. The belief that double standards are being employed, and the image of Sir Patrick and his tooth fairies, will take a long time to dispel.

The 1994 IRA cessation elicited from the Government, almost instinctively, a challenging and generally confrontational stance. A very different instinct was visible this week towards the loyalist side in Northern Ireland: a sense that every effort had to be made to coax and help them make the transition from terror to talks.

Nationalist Ireland is very receptive to the concept of welcoming prodigals into the fold; Unionist Ulster less so. But both sides would have welcomed a more honest explanation of government policy than they had this week: no one likes condescension, or having their intelligence insulted.

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The election clichés will come out fighting

Where is the next election?

In the offing.

Is it just in the offing?

No. It is also almost upon us. Coming ever nearer and nearer. Imminent.

And what will bring this imminent election?

Clichés.

How many clichés?

Clichés galore. Loads of clichés. More clichés.

More clichés than what?

More clichés than you can shake a stick at.

Good. How is the Prime Minister looking forward to it?

He is raring.

Raring? Raring to what?

Sorry. Raring to go. He is very eager.

For what is he eager?

The fray.

And before he enters the fray, what part of his clothing will he roll up?

His trouser-legs?

I think not. Higher ...

His sleeves! He will roll up his sleeves and get down to it!

Good. But tell me, if the Prime Minister is raring to go, why has he waited so long? Why has he not called an election named after a popular card game?

A snap election?

Exactly.

Because he has been bidding.

Bidding what?

His time. He has also been waiting.

Just waiting?

No. He has also been seeing. Waiting and seeing.

And yet the PM enjoys elections?

Yes. That is because he is a glutton.

For what corrective treatment is he a glutton?

For punishment. So he will come out.

No. He can also take it.

On what part of the atmosphere can he take it?

Miles

Kington

Fighting.

What will he do with this fight?

He will take it.

Where will he take the fight?

To the enemy.

Is he a good fighter?

Oh, yes. He can dish it out.

But that isn't all he can do, is it?

No. He can also take it.

At straws.

And in what part of the anatomy can he take it?

Of course.

Not at all.

In the wind.

So this could be quite a tussle, this election?

Oh, yes. It will be a cliffhanger.

What part of their anatomy will people be biting?

Their nails.

What noise will the battle make?

Ding dong.

And where will it go to?

The wire.

Thank you, Mr cliché expert.

Not at all. Incidentally ...

Yes?

There is a good chance that many Irish readers will write in and complain that we have stolen this cliché from Myles na Gopaleen.

Oh, dear. And what do we tell them?

That he stole it from an American called Frank Sullivan in the first place.

Thank you.

Not at all.



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British Airways becomes a campaign issue



Donald Macintyre

But the row should not be about Europe – the real themes are large but domestic

attempt to justify its acts of terrorism.

Those who argue that Britain is neutral have taken a real pounding in recent months from their opponents, who argue that the Government kept the republicans out of talks and refused to criticise Trimble and other Unionist leaders associated with the summer's immensely damaging marching confrontation at Drumcree.

Now, the charge goes, Sir Patrick has shown himself as determined to keep the loyalists in talks as he has been to keep the republicans out. Sinn Fein's press office on the Falls Road, aware of the Government's vulnerability on this point, has all week been churning out press releases accusing him of hypocrisy and worse.

Sinn Fein seem an increased vote coming from all this.

It is in fact next to impossible to deny that the Government treats republican and loyalist terrorism in different ways. The IRA, seeking to overthrow the state, has killed around 2,000 people, almost half of them members of the British security forces. The organisation ignites deep passions in the Government, triggering a strong emotional charge among map-makers.

The loyalists, who say they fight to maintain the state, have killed around 1,000 people, most of whom have been Catholic civilians. The official mind sees them as less threatening, and is able to deal with their menace in a less heated, more clinical way.

The 1994 IRA cessation elicited from the Government almost instinctively a challenging and generally confrontational stance. A very different instinct was visible the week towards the loyalists in Northern Ireland, a sense that every effort had to be made to coax and help them make the transition from terror to talk.

Nationalist Ireland is very receptive to the concept of self-government, provided it is not seen as a challenge to the British. Loyalists less so. Both sides would have welcomed a more honest explanation of government policy than they had this week – no one likes condescension, or having their intelligence insulted, than intelligence itself.

But even so, the sense that the Government has one set of standards for the loyalists and another for republicans has never been more heightened. During the peace process the republicans were handled as though radioactive; now the loyalists are benefiting from recognition in plenty. The political parties that double standards did not even enjoy the choice which ministers say is so important for consumers of the state education system. Lang should refer the deal to the Monopolies and Mergers Commission without delay.

What could be juicier? It's a Euro-sceptic's dream. Nicely timed for the election, a tailor-made row with Europe. The villain is not merely a foreigner, but a European Commissioner who threatens to take Britain to court and has the backing of fellow Commissioner Neil Kin-

This is a deal with American Airlines which will increase the domination of British Airways, the dashing success story of the Government's privatisation programme, as a global force, and which the Commission wants to unravel. Surely it's a gift to the Tories, just the chance John Major and his President of the Board of Trade, Ian Lang, need to show that they are ready to stand up to Brussels.

That's certainly the version currently running nightly in the Tory tabloids. And it isn't completely baseless. It wasn't necessarily all that smart for Karel Van Miert, the EU's Competition Commissioner, to threaten court action in his otherwise rather persuasive letter expressing concern about the BA American deal. Some of those criticising Mr Van Miert seem to forget that he is acting to enforce competition in the single market – the one aspect of the EU to which Margaret Thatcher, among many others, wholeheartedly signed up. There are big arguments among lawyers over whether it is a matter of EC competence at all. The Labour Party, for example, in contrast to its former leader, cautiously recognises the Government's argument that the Commission does not have the authority to decide whether the deal is or isn't competitive.

Whitehall gossip has it that Lang is quite sympathetic to the competition argument but has been under heavy pressure from Michael Heseltine, a man who tends to think that in industry big is beautiful, to OK the deal. There have even been dark – and wholly unsubstantiated – hints that Ayling's generous involvement with the millennium celebrations may be connected with the Government's backing. But you don't have to buy conspiracy theories to recognise that, after several years of ruthless campaigning to fight off competition in the airline industry, British Airways, from Lord King on, have been very big players indeed.

However, the real problem is that British Airways was privatised in something so near monopolistic form, and given overwhelming advantage in terms of "slots" at Heathrow, the world's busiest airport. Maybe that was necessary to get the flotation of what had been an ailing state company off the ground. But it raises a real question over whether, having gone from success to success, it should be operating on a more level playing field. And that's a particularly sharp choice for the party of competition. It would be odd if commercial airline passengers did not even enjoy the choice which ministers say is so important for consumers of the state education system. Lang should refer the deal to the Monopolies and Mergers Commission without delay.

deal – and which Virgin claims will offer rival US airlines access to Europe without widening access to the internal US market – should be struck in the interest of consumers and not as a response to airline directed pressure.

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Netanyahu's tough stance has left him with an accord he never wanted, says Patrick Cockburn



Netanyahu and his foreign minister, David Levy, ponder what comes next after yesterday's agreement

A peace deal with a fuse attached

Netanyahu's tough stance has left him with an accord he never wanted, says Patrick Cockburn

Few agreements have been negotiated in such a spirit of suspicion and ill-will as prevailed during the four months it took to decide upon Israel's partial withdrawal from Hebron and the West Bank.

Even the arguments successfully used by King Hussein of Jordan last Sunday to persuade Yasser Arafat to break the stalemate in the talks, by agreeing to postpone Israeli withdrawal until the middle of next year, appealed to the deep distrust with which the Palestinian leader regards Benjamin Netanyahu, the Israeli prime minister.

"If you're too firm, Bibi [Netanyahu] will win and there won't be a Hebron withdrawal," King Hussein reportedly told Mr Arafat in Gaza. "Even if you don't trust him, it's better to commit Netanyahu to a particular date for the further redeployment. And if Netanyahu doesn't fulfil his commitment, you will be able to raise an international hue and cry."

The fact that the agreement reached early yesterday morning is so wide-ranging, covering far more than the pull-out from Hebron, owes much to a miscalculation made by Mr Netanyahu. On becoming prime minister last June he delayed the start of the talks about Hebron and then prolonged them for months. His aim was to focus attention on Hebron and to avoid talking about more important aspects of the accord signed by the defeated Labour government in 1995 whereby the Israeli army was to withdraw in three stages from Palestinian villages.

Withdrawal from Hebron, a Palestinian city of 120,000, does not significantly alter the balance of power between Israel and the Palestinians on the West Bank. It is the seventh such town to be evacuated by the Israeli army. Experience shows that these towns can easily be isolated and economically crippled by a few Israeli

checkpoints. But once Israel redeploys from the villages, where 900,000 out of 1.3 million Palestinians on the West Bank live, then Palestinian control will cease to be confined to small cantons.

In retrospect, from his point of view, Mr Netanyahu might have been better off pulling out of Hebron months ago. The Labour government had signed a good deal in 1995 whereby the 400 Jewish settlers – defended by some 1,000 soldiers – would stay in 20 per cent of the city under Israeli control. Palestinians in Hebron at the time were angered by the extent of Mr Arafat's concessions.

Mr Netanyahu, for all his claims of a sell-out during the election, found it difficult to improve on them. Mr Netanyahu's strategy of focusing on Hebron was based on his belief, often repeated in his books and speeches, that the Labour government

had exaggerated the political strength of Palestinians and the Arab world, unnecessarily raising their expectations of Israeli concessions. Be tough with them, he said, and they will come running. It was a thesis the new prime minister put to the test with a series of provocations culminating in opening the tunnel in the Muslim quarter of Jerusalem last September.

The result was exactly contrary to what Mr Netanyahu expected. The Palestinian cities exploded. In one day 15 Israelis and 60 Palestinians were killed. The Arab world was enraged. King Hussein, the Arab leader most sympathetic to Mr Netanyahu, went to the prison in Jordan that housed the leader of the group opposed to better relations with Israel, and personally drove him home. Last weekend, the moderate Egyptian ambassador in Tel Aviv

October he attended a summit in Washington with Mr Arafat and King Hussein. Egypt's President Hosni Mubarak refused to come. The Israeli leader prided himself that he made no concessions, but he did accept US mediation. Dennis Ross, the American peace envoy, was denounced by Palestinians as being pro-Israeli, but US mediation in practice strengthened the Palestinian hand.

Mr Netanyahu's political position has weakened over the last six months for other reasons. He was never liked by the Israeli establishment in the army, bureaucracy, secret services and the media. Seeing himself, not wholly wrongly, as surrounded by enemies, he worked with a small coterie of trusted advisers from the far right. David Bar-Ilan, one of his closest aides, provoked hostility and ridicule in the US when he denounced a *New York Times* columnist as an emissary of anti-Zionist opinion.

Supporters of the Oslo agreement in Israel were jubilant yesterday that with the Hebron agreement Mr Netanyahu and his party have come to a new realism about the Palestinians. It is true that they will be withdrawing from territory that they once said was given by God to the Jews. Many on the right now regard a Palestinian state as inevitable.

A problem with this optimistic view is that the accord agreed in Gaza yesterday is the outcome of the sum total of the pressures brought to bear on Mr Netanyahu rather than a new policy. While Mr Arafat expects 90 per cent of the West Bank, Mr Netanyahu has been telling his supporters that he might hand over less than half. Israeli settlers have in the past reacted to political isolation with extreme violence. Delay in Israeli withdrawal from rural parts of the West Bank gives them a full 18 months to make attacks. The peace accord contains a time bomb that has already started ticking.



French and Gerrard: a literary duet to inspire pure envy

Gilbert and Sullivan. Rimbaud and Verlaine. Crick and Watson. Burke and Hare ...

bisous is full of resonant collaborations, the twining of heterogeneous talents into a single silken braid. And now a spectacular modern example (as far as the book world is concerned, anyway) – French and Gerrard, Sean French, columnist, author and Bardot fan, and Nicci Gerrard, most sensitive of journalists, have just hit the big time. Their co-written novel, *The Memory Game*, came out this week to a chorus of praise and a background twittering of the purest envy. This is because, not only are the co-authors richer by an advance of (grit teeth) £250,000, they're also married; the story of their blissful union was sold in the "Tidder" supplement of last Sunday's *Observer*. There, the nation's green-eyed horde of chronically blocked and niggot-round-to-it-yet journalists manqué could read of French and Gerrard's rapturous creative duet – of the plot's gestation across the kitchen table, the married pair's harmonious mutual editing (seemingly as carefree as the grooming of primates in Regent's Park), the tidal wave of gin on which knotty

their heads. "Did you read that thing in the *Observer*?" cried one. "I couldn't decide whether to shred it, burn it, Blu-tac it to the dashboard or just jump up and down on it, screaming." Others, possibly incensed by the special-offer advertisement for the novel that appeared with the article ("make Sean and Nicci even richer!"), commented themselves with ripping "The Tidder" supplement of last Sunday's *Observer*. There, the nation's green-eyed horde of chronically blocked and niggot-round-to-it-yet journalists manqué could read of French and Gerrard's rapturous creative duet – of the plot's gestation across the kitchen table, the married pair's harmonious mutual editing (seemingly as carefree as the grooming of primates in Regent's Park), the tidal wave of gin on which knotty

Utroublé by these seismic waves, French and Gerrard threw a party on Tuesday to launch their new offspring. Their other productions (they have several gorgeous little girls) tumbled winsomely on the stairs and paraded about in silk and taffeta. I paused outside to look for the blue plaque commemorating the most famous front doorstep in literary London (it's the one on which Jeanette Winterson and her girlfriend Peggy Reynolds stood, a few years ago, when they came to berate Ms Gerrard for a disobliging critique, as the latter was boasting a dinner party) but it appeared to have been stolen.

Inside the conversation was all about the recent shake-up in the publishing world – Helen Fraser, the universally liked boss of the Reed Group (Heinemann, Secker, Methuen and Sinclair-Stevenson) is leaving to run the Penguin Group (Viking, Penguin, Hamish Hamilton and Michael Joseph) thus putting her a notch above the equally-admired "Queen of Publishing", Clare Alexander, and therefore promising an interesting, if terribly polite, battle for supremacy between the two divas in coming months. The talk also turned, again, to Ms Winterson's

narrative impasses were swept away, the gradual realisation that it was "a darker, scarier story than we had anticipated", the finished manuscript, the call from the agent while they were holidaying in Sweden, the two-book deal ...

I'd be happy to report that everyone wished them well – so married, so successful, so lucky – but honesty compels otherwise. The prevailing note on Monday morning was of scores of journalists violently yanking the few sad last grey hairs (Keats, you know) from

A lone moment in the *Observer* piece, Ms

Gerrard quotes a recipe for dry Martini, recommending "... a few drops, perhaps a teaspoon, not more, of dry vermouth, then a shot of gin...". Finding the exact constituent quantities of this simple drink seem to have taxed an amazing number of sophisticated brains in the past. The precise ratio of gin to dry vermouth has been discussed, documented and argued over as if it were a matter of Biblical exegesis. The point is, it seems, to keep the vermouth quantity to the uttermost minimum. Ms Gerrard's "perhaps a teaspoon" would, I'm afraid, not go down well with the barmaids of Anchorage, Alaska who traditionally fill a jug with

Creative harmony in the kitchen as the plot thickens – it's enough to turn a writer green-eyed

john walsh

ice and gin, then remove the cork from a vermouth bottle, hold it above the surface of the gin and whisper "vermoooth... over the quivering meniscus. The late Robert Morley, when he was directing an American play in the Haymarket, instructed the actor Ian Carmichael how to make an on-stage dry Martini: pour gin and ice in jug, then attach scent-spray bulb to a vermouth bottle and direct a single puff over the top of the jug. Others think the passage of the sun's rays through a vermouth bottle is quite enough of an intrusion, while that shocking old blasphemer, Luis Bunuel, used to insist that the blending of vermouth and gin should be on a par with the seed of the Holy Ghost passing through, without breaking, the hymen of the Virgin Mary.

Then, the other day, I

dropped into the Cobden Club, the fashionable new

dude ranch at the end of

Ladbroke Grove, and watched

being a nest home for

clapped-out bureaucrats, was in fact designed as a zippy

royal "sports complex" with

tennis courts, bowling alleys,

cock-fighting pits and, I've no doubt, ye olde bungee-jumping roofer. It was, if you like, "the original Harbour Club". It would be nice to see it and the original Lyceum restored to their former glory. And after the Lyceum, I look forward to the discovery of "the original Locarno" and "the original Roseland".

coincidence, yesterday's *Daily Telegraph* revealed that the Whitehall Palace near Downing Street, built by Henry VIII in 1531, far from

being a nest home for

clapped-out bureaucrats, was

in fact designed as a zippy

royal "sports complex" with

tennis courts, bowling alleys,

cock-fighting pits and, I've no doubt, ye olde bungee-jumping roofer. It was, if you like, "the original Harbour Club". It would be nice to see it and the original Lyceum restored to their former glory. And after the Lyceum, I look forward to the discovery of "the original Locarno" and "the original Roseland".

Aristotle: after the Lyceum, the Locarno?

Aristotle: after the Lyceum, the Locarno?

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Water regulator warns one-off price cuts possible

Chris Godsmark
Business Correspondent

Privatised water companies could be hit by the kind of savage one-off price cut which has driven British Gas to the Monopolies and Mergers Commission, the industry regulator warned yesterday.

Ian Byatt told MPs at the Commons Trade and Industry Select Committee that the idea of one-off price cuts, which were rejected in his last price review in 1994, were firmly back on the agenda.

Commenting on the much criticised excess profits earned by the companies, he said: "If these high returns continue... then I would think much more terms of a once and for all reduction in prices as has happened in the energy industries."

The price cuts planned for British Gas's pipeline network, TransCo, by Clare Spottiswoode, the gas industry regulator, led to an unprecedented public row and the high risk decision by the company to take the issue to the MMC. Ms Spottiswoode wants to slash TransCo's revenues by 20 per

cent from April, worth almost £30 off average bills.

The principle of a dramatic one-off cut, known in regulatory circles as a "Ponca", was also used by Professor Stephen Littlechild, the electricity regulator, in his recent price cap for National Grid which cuts charges by 20 per cent from April.

The move reflects an increasingly tough stance by Mr Byatt in recent months as several of the 10 privatised water and sewerage businesses have failed to meet Ofwat investment targets. The current price formula

allows water bills to increase by an average of 1.5 per cent above inflation to pay for the huge backlog of under-investment from before the industry sell-off.

Mr Byatt told MPs his ideal rate of return on investment for water companies was some 5 to 6 per cent, compared with a current average rate of return earned by the 10 companies of more than 12 per cent, with Welsh Water and Northumbrian Water earning the highest returns.

Simon Flowers, head of utilities at NatWest Markets, said a one-off cut

would hit companies' profits in the first year, though the crucial factor was whether prices rose or fell in following years. "This would seem to be a vindication of the strategy at Ofgas. In the light of the British Gas example Ian Byatt has been portrayed as being the most lenient regulator on prices, but he's been rattling the companies' cages for some months now," he commented.

Last night water companies reacted with scepticism to the idea of one-off price cuts. Barry Delabour, head of regulation for Southern Water, said

a cut on the scale of that planned for British Gas would be "ridiculous". He continued: "We will be arguing that there's still heavy investment needed and we have got the heaviest investment programme of all."

However, Frank Dobson, Labour's environment spokesman, was unimpressed by the move. "It's a bit late in the day and I don't think this will do anything permanent."

The current price control period was originally intended to last from the 10 years from 1995, with increases in bills in real terms also planned for

2000-2005. However, last October Mr Byatt said he would review the formula by 1999 and has indicated recently that from 2000 the companies can expect cuts in real terms along the lines of those in other regulated industries.

Mr Byatt has already warned that he may ask some companies not to implement the full price increases from April. Water bills have to be sent out in advance of the next billing year, and need to be printed from the end of next month.

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Pension fund voices fears over Morgan Grenfell

Jill Treanor
and
Patrick Tooher

A top pension fund client of Morgan Grenfell Asset Management indicated yesterday that the sudden suspension of Nicola Horlick, one of the City's best known fund managers, could be the decisive factor in prompting it to take its business elsewhere.

This would come as a severe blow to Morgan Grenfell, which has been battling to rebuild morale, and retain clients, after the Peter Young affair which had already cost the jobs of some of the most highly respected names at the group, including Keith Percy, chief executive of Morgan Grenfell Asset Management.

Geoff Henry, chief executive of the Merchant Navy Officers' Pension Fund, which has around £50m invested with Morgan Grenfell, said the trustees of his fund were concerned about the management structure of the group when the antics of Peter Young were uncovered.

"What we're seeing now [with the suspension of Mrs Horlick] is a vital element being removed from the situation. That is a desensitisation," said Mr Henry.

The trustees' previous concern had not been about the investment track record, but more about the internal management of the operation, he said.

However, Morgan Grenfell was understood to be confident that it would not lose business as a result of the affair.

Mrs Horlick was suspended after Deutsche Morgan Grenfell suspected that had she attempted to lure as many as 20 colleagues from the fund



Tim Horlick, Nicola's banker husband, faces a legal action

management group to join a rival investment management firm.

But the move appears to have backfired after she approached potential candidates before signing a conclusive deal with ABN Amro, the Dutch banking group with which she was widely believed to be in negotiation.

"We never comment on who we are talking to before anything is concluded," a spokesman for ABN Amro in Amsterdam said yesterday.

But he added: "We are surprised to be mentioned in the context of poaching, which would, by its nature, imply we are planning to take a whole team, which we are not."

Morgan Grenfell insiders suggested yesterday that Mrs Horlick, like others in the City, had been known to make noises about tendering her resignation around this time of year. This is

because bonuses are paid late next month and a resignation threat encourages employers to beef up bonus payments and remuneration deals.

It ended yesterday that Mrs Horlick's investment banker husband, Tim, who works at Salomon Brothers, is fighting a legal action by his previous employer, Dresdner Kleinwort Benson.

"An injunction was taken out at the end of July and we are still continuing the legal proceedings until an acceptable final settlement has been reached," a spokesman for Kleinwort said.

Both Salomon Brothers, which is not cited in the injunction, and Mr Horlick, declined to comment.

The precise details of Mrs Horlick's pay deal remain a mystery although sources said that in a good year her total package could easily top £1m. She was not a director of Morgan Grenfell Asset Management but is a managing director of another subsidiary - Morgan Grenfell Investment Management.

A search at Companies House showed that the highest paid director at Morgan Grenfell Investment Management in the 1995 financial year earned £245,000. But that is likely to exclude any bonus payments.

Morgan Grenfell insiders said they found it perplexing that she might be considering another offer even though was the heir apparent to Robert Smith, the new chief executive of the fund management group.

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High flyer: Nicola Horlick, pictured yesterday, could earn a total package of more than £1m in a good year at Morgan Grenfell, sources said

Photograph: National Pictures

BoE appoints Buxton as director

John Willcock

Andrew Buxton, chairman of Barclays Bank, is one of two new directors appointed yesterday by the Bank of England. He will be the first serving chairman of a clearing bank to become a member of the court.

Alastair Clark, at present a deputy director of the Bank responsible for the Financial Structure area, will now become executive director of that division.

The duo replace Sir Jeremy Morse, formerly a chairman of Lloyds Bank, and Pen Kent, who are both retiring.

Mr Kent has been a noted troubleshooter for the Bank during his 35 year service, notably in launching the design of Crest following the collapse of the London Stock Exchange's proposed automated share settlement system Taurus four years ago.

Mr Buxton is a scion of the 200-year-old Quaker families that originally founded what became Barclays Bank. He joined Barclays in 1963 and worked his way to the top. He is also chairman of the CBI's influential Economic Affairs Committee and chairman of the Overseas Project Board at the DTI. Mr Buxton faced criticism in the press and around the City when he combined the jobs of chairman and chief executive at Barclays in 1993, after the resignation of John Quinton as chairman. This combination of roles went against the Cadbury Committee recommendations, and coincided with a rocky time for Barclays as a huge property lending binge in the late 1980s came home to roost in the form of bad debt provisions.

This criticism turned to praise in 1994 when Mr Buxton appointed Martin Taylor as chief

executive. Mr Buxton earned further plaudits when the Bank of England called for help to try and rescue Barings, the merchant bank struck down by Nick Leeson's unauthorised trading losses.

Although the rescue package put together by the Bank was unsuccessful, Mr Buxton's leadership in co-ordinating support for the attempt will have done him no harm in the Bank's eyes.

In addition yesterday the Bank announced that two directors have been reappointed for further four-year terms:



Andrew Buxton: First active clearing chairman on court

Mrs Frances Heaton, a director of Lazard Brothers, and Sir Chips Keswick, chairman of Hambros Bank.

John Footman, the Secretary of the Bank and the Bank's chief press officer, will succeed Alastair Clark as deputy director in the Financial Structure area. Mr Footman will be succeeded by Peter Rodgers, at present financial editor of *The Independent*. As Secretary of the Bank, Mr Rodgers will take over Mr Footman's responsibilities for press matters.

People, page 24

Drop in jobless figures sparks fresh row

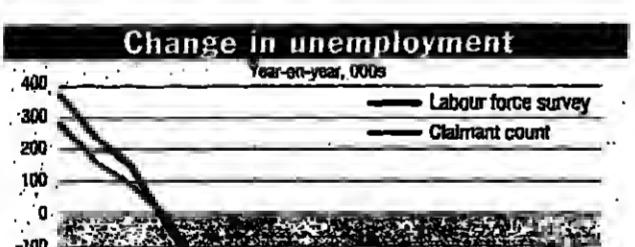
Diane Coyle
Economics Editor

A fierce pre-election row broke out yesterday as the Labour Party challenged official figures showing unemployment falling by more than 45,000 to a six-year low last month.

The Government pointed on the big decline in the number of people claiming unemployment benefit as further evidence of the economy's strength - one of its key electoral cards. But critics said the effects of the Jobseekers' Allowance and the benefit fraud hotline made the headline jobless total meaningless.

John Major, the Prime Minister, described the figures as a "tremendous achievement". "Unemployment is falling right across the country and the smile on Britain's face can broaden," Mr Major said.

But Labour's employment spokesman, Ian McCartney, said the Government's claims were in the realms of fantasy. "Unemployment has struck



deep into the heart of middle England," he said.

Labour claimed that 17 significant changes to the jobless definition had reduced the number of claimants by 529,000. The party cited OECD figures showing the true unemployment picture was obscure, and were reassured by separate figures showing that earnings growth has remained flat.

The Treasury said the divergence between the two measures was not unusual, and they tend to move together over time.

However, the claimant count has been artificially reduced since the autumn by the introduction of the Jobseekers' Allowance.

City experts did not expect yesterday's batch of labour market statistics to affect the Chancellor of the Exchequer's verdict

- calling on the Government to measure unemployment by a monthly survey which covers people not eligible for benefit, rather than the number of unemployment benefit claimants. But ministers turned down the advice on grounds of cost.

The fresh row broke out yesterday because the quarterly survey of the labour force showed a much smaller drop in unemployment in September-November than the claimant count indicated.

According to the survey, unemployment fell by only 32,000 during those three months, while the number of claimants dropped by 14,000. Yesterday's figures showed a further fall of 45,100 in the claimant count in December, to 1,884,700.

The Treasury said a divergence between the two measures was not unusual, and they tend to move together over time.

However, the claimant count has been artificially reduced since the autumn by the introduction of the Jobseekers' Allowance.

City experts did not expect yesterday's batch of labour market statistics to affect the Chancellor of the Exchequer's verdict

BZW simulates battle to minimise the risk

Jill Treanor
Banking Correspondent

City dealing rooms are often depicted as battlefields where traders slug it out to win the best price for their trades and make as much money as possible.

But BZW, the investment banking arm of Barclays, is taking the comparison a step further through a new research project with the Defence Evaluation and Research Agency (DERA) of the Ministry of Defence.

On the other hand, the quarterly labour force survey showed a strong expansion in employment in September-November. The number of people with jobs rose by 130,000.

Usually, this was mainly due to a rise in the number of full-time jobs. Of the 283,000 new jobs over the year to November, just over half were part-time.

BZW hopes the project will allow all levels of its staff to better understand the risks being taken. It should also provide more accurate calculations of

the amount of capital which needs to be set aside by the bank and also make for accurate, and more competitive, pricing of financial instruments.

It may all seem far-fetched but according to Martin Dooney, global head of money markets at BZW, the stresses and strains facing the trader in a City dealing room and a fighter pilot flying at 20,000 feet are similar.

The risks are obviously different. For the crew of a main battle tank it could be missile defences of the opposing force and for the bond trader it could be movement of short-term interest rates, Mr Dooney said.

The project - known as the Financial Laboratory Club - will bring simulated battlefields to the dealing room in an attempt to develop new solutions to the problems of risk management in the City.

BZW hopes the project will allow all levels of its staff to better understand the risks being taken. It should also provide more accurate calculations of

BZW hopes the project will keep it ahead of its rivals in a highly competitive trading environment in which margins are falling and costs of staff rising.

The Club has £1.8m of funding for the first two years. Of that, the Government is making a £750,000 grant and BZW is providing £250,000.

Regulators such as the Bank of England are expressing an interest in the project.

While fighter pilots and traders face similar challenges, fighter pilots only receive the most relevant information they need to make decisions. In contrast, traders suffer from what BZW calls information overload - a deluge of statistics about interest rates and currencies, say, are displayed on banks of computer screens while phones constantly ring.

Comment, page 21

Norwich Union names Harvey as next head

Norwich Union yesterday chose a safe internal succession for the chief executive job ahead of the flotation later this year by nominating Richard Harvey, the finance director, as heir apparent.

He is to succeed Alan Bridgewater as group chief executive at the end of 1997. Norwich said Mr Harvey has been appointed deputy group chief executive in the meantime, in addition to his existing responsibility.

The appointment clarifies the question of succession in advance of Norwich Union's planned flotation. A circular giving details of the flotation will be sent out before the extraordinary general meeting to the policyholders who currently own the group.

Mr Harvey, 46, joined Norwich in 1992 as head of its New Zealand operation, after being recruited from the insurance market in Canada.

Edmond Warner has resigned as chairman of the board of the New Zealand operation, which will be succeeded by John le C

Bayer chairman Manfred Schaefer, 50, has stepped down from his post as chief executive of Bayer AG, effective immediately. Schaefer, who had been in charge of the company since 1993, will be succeeded by Dr. Klaus Wiethe, 51, who has been serving as chief financial officer since 1995. The change follows the recent announcement that Schaefer will leave the company at the end of the year.

STOCK MARKETS		INTEREST RATES	
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for He that ded us. Mr Byatt said he would formula by 1999 and has recently that from 2000 thees along the lines of those in related industries.

Mr Byatt has already won, he may ask some companies implement the full price increase from April. Water bills have sent out in advance of the new year, and need to be printed end of next month.

Comment

appoints xton as rector



COMMENT

If Mr Byatt were to follow the example of Clare Spottiswoode at Ofgas, whose regulatory approach he much admires, the water industry could be looking at a one-off reduction in revenues of £600m to £800m'

Byatt puts a plug in water's dividend gusher

When the water industry outlined its "vision of the future" a week ago, one of the things its crystal ball failed to highlight was the danger of being clobbered by a big one-off cut in charges in three years' time.

That became a distinct possibility yesterday after the industry regulator, Ian Byatt, confided to MPs that he saw much merit in applying the same kind of price controls on the privatised water companies as those used by his opposite numbers in gas and electricity. For the water companies, that would mean a very painful adjustment in 2000 so that efficiency gains flow through much more quickly to customers in the shape of lower bills.

With a change of government on the horizon, it is scarcely surprising that Mr Byatt should be thinking along such lines. But regardless of the political climate, there's plenty else driving him in this direction.

When the last set of price controls was introduced in 1995, the regulator decided the industry should be allowed to make a return on new investment of 5 to 6 per cent over the 10-year period. The industry is now making returns of about 12 per cent. Under the present regime, efficiency gains are drip fed to customers over a phased period. The effect of imposing a one-off cut in charges would be to ensure that 50 million customers get much of that benefit in one dollop.

Supposing he is still in the post, Mr Byatt will not sit down to begin doing any serious sums for at least 18 months. But if he were

to follow the example of Clare Spottiswoode at Ofgas, whose regulatory approach he much admires, the water industry could be looking at a one-off reduction in revenues of £600m to £800m.

Prices in future years would not come down by anywhere near as much, and might even have to go up, to meet the water industry's heavy capital investment programmes. Nevertheless, the net effect would be a much harsher regulatory environment than the industry enjoys at present.

The water companies have tried to wriggle out of their fate by promising to share an undisclosed proportion of future efficiency gains with customers. Mr Byatt looks like closing off that option. The dividend gusher is not going to be what it was.

Employees call the shots in the City

Bonuses, bonuses, bonuses. Morgan Grenfell Asset Management pay theirs in late February and few people yet know what they are going to get. Those who think they will be little or nothing point to the £400m cost and rising of the Peter Young débâcle - a couple of years' profit for the Deutsche Morgan Grenfell investment banking operation as a whole. But there's another school which says that if MGAM doesn't match the bonus bonanza being experienced elsewhere in the City, then its best people are

going to walk and there won't be much of a business left.

It seems unlikely that Nicola Horlick directly played that card in the events that led up to her "suspension" as MGAM's person supremo, but the episode has highlighted the problem in our uncertain terms. The City has become a place where employees call the shots, not shareholders or organisations. There could be no more absurd a scenario than the one being acted out at MGAM. Here is an organisation which has failed in spectacular fashion, yet if it punishes its employees, as it should, making them take collegiate responsibility for and share in the costs of their failure, it might end up without a business at all.

Perversely, then, Deutsche may have to pay the wretched employees of MGAM an even higher bonus, to compensate, as it were, for the stress and shock of a catastrophe which was collectively of their own making. It is hard to imagine a more Alice in Wonderland world. That, however, is the reality of the City these days.

There's almost a parallel to be drawn here with the curse of union power. "What? The company's lost a packet? Not my responsibility, guv. If you don't up the wages we'll all be out." In the virtual economy inhabited by investment bankers, the going rate for a job is constantly bid up, regardless of underlying profitability or real market worth.

But back to MGAM. First impressions are often misguided and it is possible that the

likely impact on MGAM of Ms Horlick's impending departure was exaggerated in Business Comment yesterday. A day on, and Morgan Grenfell was claiming the whole thing had been blown out of all proportion.

Indeed

there

was

some

relief

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at such a high flier finally getting her comeuppance. There's almost certainly an element of male, old school tie-backlash in these sentiments.

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The future is still a lottery for Stanley

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

The gaming industry is in such a state of flux currently that valuing companies such as Stanley Leisure requires some pretty heroic assumptions about future developments. Next month, for example, Camelot introduces a mid-week lottery while deregulation of casinos, putting more slot machines alongside the tables and licensing 20 new regions around the country, is set to happen but the timing is unclear.

Add in the prospect of a change of government, most likely to a party for which gaming reform is pretty low down its list of priorities, and the outlook is at best uncertain. The long-term picture, however, remains attractive.

Stanley's betting shops are a good example of the extent to which the industry has been prodded by the National Lottery into creating a better quality earnings stream. Thirty years ago the harsh winter of 1963 effectively shut down the country's betting shops because there was no racing. Now bookies take bets on four televised football matches a week, the Irish lottery and a new rival to the National Lottery called 49s. It is a much better balanced business and even within the 7.2 per cent of turnover represented by racing, all-weather tracks have made meetings more reliable.

Eveo diversification, however, cannot be expected to protect against a 25,000 to one long-shot like Frankie Dettori's clean sweep at Ascot last year. Stanley's £2m hit on that day in effect wiped out profits in its new Gus Carter acquisition and pegged the pre-tax profits rise for the six months to October to 21 per cent.

Profits before tax moved ahead from £9.3m to £7.4m, pushing earnings per share from 3.76p to 4.51p. That meant Stanley was able to recommend a 20 per cent rise in the interim dividend. These were impressive figures but analysts still managed to find one or two niggling worries.

Analysts' biggest concern lay in evidence of margin pressure in both the bookies and casinos, where punters are said to be getting better at beating the house, by fair means and foul. Better training is expected to give staff a sharper eye and improve Stanley's return. There were also worries about a pretty anaemic 3 per cent rise in sales from the betting shop arm. The success of betting on the Irish lottery might have been expected to boost turnover by more than inflation.

Still, most brokers were talking about raising their forecasts yesterday and a full year outcome of about £23m now looks likely. That would put the shares, up 17.5p to 294p yesterday, on a prospective price/earnings ratio of

22. It is right the shares should trade at a premium to the market, to reflect the benefits of deregulation to come, but with so many question marks over the company as well that rating is high enough.

Darty drags Kingfisher down

Yesterday's 15.5p fall in Kingfisher's share price looks slightly harsh on the retailer which turned in one of the season's better Christmas trading up-dates.

Stripping out new store openings, like-for-like sales rose by 7.8 per cent, which was better than Boots and only marginally behind Dixons.

The group figure also included double-digit gains from both Woolworths and Comet. This was impressive as both were up against strong comparisons the previous year. The performance from Woolworths was even better given that the toy market appears to have lost sales to rival products such as sports clothing this year.

And if the recent figures from Adams were anything to go by, then the

childrenswear market has not been easy either.

B&Q did well, buoyed by the gradual recovery in the housing market. And Superdrug delivered a 5 per cent increase in like-for-like sales.

Ironically it is now Darty, the French electrical chain, which is dragging the group performance back. Its like-for-like sales rose by just 2.4 per cent.

Only a couple of years ago it was Darty which was Kingfisher's saviour when internal problems damaged the performance of Comet and Woolworths, resulting in the group's calamitous 1994 profits warning.

Though Kingfisher's shares have risen by more than 60 per cent since then, yesterday's bout of profit taking has made the shares look attractive once more at 654.5p.

On upgraded analyst profit forecasts of £380m this year and £445m next time, they trade on a forward rating of 16 falling to 14. This is a discount to the sector that is due more to the disappointments of 1994 than fundamentals. It is worth pointing out that just a year ago analysts were forecasting Kingfisher 1996-97 profits of just £310m.

Woolworths' problems back then were due to errors that have been sort-

ed out rather than any underlying difficulty.

Comet should benefit from the PC boom and B&Q should be selling paint and pliers like tomorrow if the housing market forecasts prove true.

If Darty returns to form as well, then Sir Geoff Mulcahy will have pulled off a remarkable recovery. The company has disappointed before, but the shares look good value.

Denby sets itself a place in US

Out of every cloud comes a silver lining and the one from Coloroll, the collapsed 1980s stock market star, is Denby, the pottery group. Bought out by management in 1990 and floated at 150p in June 1994, the group's shares have more than doubled, rising another 7p to 277.5p yesterday.

The reason for the latest strength was an upbeat annual general meeting statement announcing that sales romped ahead by 15 per cent in the first three months of the year to December. The buoyant current trading picture builds on an impressive record which has seen profits jump from £2.76m to

£4.76m in the past three years.

Denby, founded in 1809, has been revitalised by a renewed concentration on design, aiming in particular at the "aspirational" market of young newlyweds and the like. Cleverly pitched just below Wedgwood and Royal Doulton's rather more formal products, Denby has probably rightly assumed that the days of bringing out the best china for special occasions are waning.

But while it continues to add to what it claims is a leading position in the UK, the one-off gains from its refocusing there seem to be largely over. The domestic market has been flat for several years and most of the growth is coming from overseas markets, where Denby seems to be replicating its success.

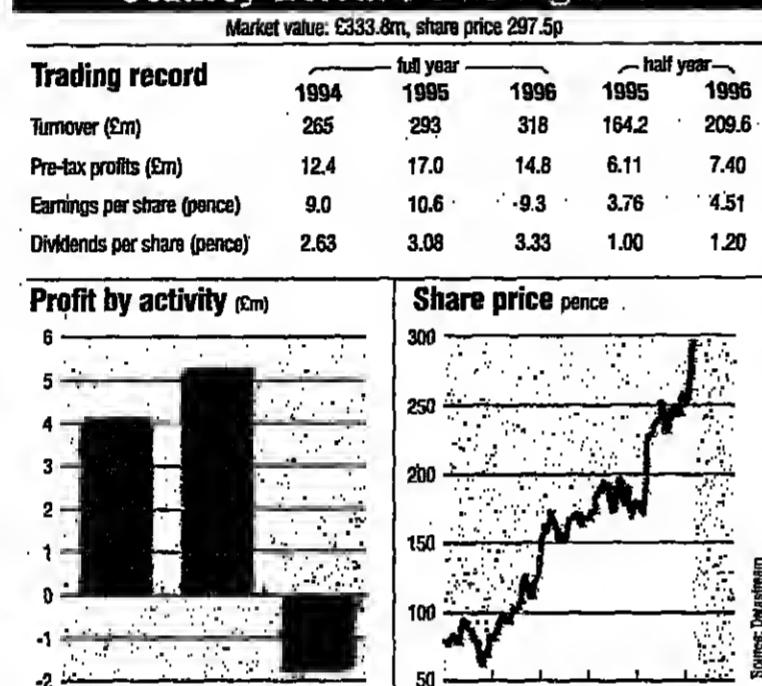
Although it has been across the Atlantic for most of this decade, sales in the US continue to rise at rates above 30 per cent. It seems that Americans have taken to this type of crockery in a big way and, since September, to Denby's matching glassware range which it reintroduced after a 10-year gap.

The rip-roaring pound could represent a problem if it is sustained. Denby says only a fifth of its revenues are in foreign currencies and an average 7 per cent rise in prices means it is covered up to around \$1.64.

But even assuming no sterling impact, an unchanged profit forecast of £6.9m for the current year puts the shares on a chunky forward rating of 20. Hold.

Clyde will claim over the next two weeks that such an ap-

Stanley Leisure : at a glance



Gulf bid for Clyde escapes MMC referral

Tom Stevenson
City Editor

Gulf Canada's £432m bid for Clyde Petroleum was given the go-ahead by the Department of Trade and Industry yesterday, which said it had no plans to refer the offer to the Monopolies and Mergers Commission. The decision increases the pressure on Clyde to convince investors that the 105p-a-share offer represents a dramatic undervaluation of the oil producer's potential.

With two weeks to go before day 39 of the bid, the last date on which Clyde can offer new information to shareholders, attention is expected to focus on the two sides' preferred valuation methods, with one broker saying a take-out price of up to 150p a share is a possibility. Yesterday's close of 119p suggests the market expects an improved offer from Gulf or a third-party approach.

The defence being put together by Malcolm Gourlay and Roy Franklin, chairman and chief executive respectively of Clyde, is expected to focus on Gulf Canada's use of net asset value for calculating the premium its bid represents.

Clyde will claim that, thanks to its steady, sustainable production, it is better valued on a multiple of its current cashflow, the preferred method in the US where there are more companies with Clyde's relatively low risk predictable production profiles.

The rip-roaring pound could represent a problem if it is sustained.

Denby says only a fifth of its revenues are in foreign currencies and an average 7 per cent rise in prices means it is covered up to around \$1.64.

But even assuming no sterling impact, an unchanged profit forecast of £6.9m for the current year puts the shares on a chunky forward rating of 20. Hold.



Defensive: Malcolm Gourlay is expected to focus on the use of net asset value as a base for calculating the bid

As well as arguing for a high-multiple of cashflow, Clyde is expected to bring out a hastily compiled set of results for the year to 31 December.

Gulf, which last week reported acceptances of just 0.02 per cent of Clyde's shares and extended its bid until 24 January, has a week after Clyde's final defence to announce a final offer.

Any rival bid is not expected to emerge until after that date.

No Littlewoods deal, says Lanica

Patrick Tooher

Shares in Lanica Trust, formerly New Guernsey Trust, are set to fall sharply this morning after the shell company vowed to remain an investment trust rather than become a vehicle for listing Littlewoods' retail businesses.

Speculation about a big deal between Lanica, run by 31-year-old dealmaker Andrew Regan, and privately owned Littlewoods, the Liverpool-based pool and department store group, sent the share price soaring from 137p to as high as 210.50p in the last three months.

But in an after-hours statement issued to the Stock Exchange

change, Lanica said it knew of no reason for the substantial increase in its share price in recent months.

It added: "Lanica has managed and will continue to manage its investment portfolio in accordance with the listing rules in respect of investment companies and in accordance with the investment policy set out in the offer document for the company."

Lanica cannot invest more than 20 per cent of its gross assets in any one investment, the statement continued.

Last night shares in Lanica closed 125p lower at 1550p, still way above the 203p per share paid by Mr Regan when he

took control late last year. They have been on the slide for a week since Littlewoods took an unusual step of denying rumours of an important link, worth up to £1bn, with Lanica.

Littlewoods was said to be interested in reversing its mail order and high street businesses into Lanica to gain a stock market listing.

Instead Littlewoods revealed it was discussing a small deal to supply Lanica with goods and infrastructure for a mail order business due to be launched for the armed forces.

Earlier this week Littlewoods paid £390m to buy the Freemans mail order business from Sears, 250,000 service personnel.

Bass starts talks to buy Czech brewer

Tom Stevenson
City Editor

Bass said yesterday it was fortifying the pace of its ambitions in the Czech Republic, by opening discussions with one of the country's largest banks which has staunchly opposed the brewer's expansion plans.

Having increased its stake in the Radegast brewery last week from 20 to 33 per cent, Bass said it was confident of striking a deal before the end of the year with one of the brewer's other main shareholders.

To do so it would have to strike a deal with IPB, the bank which owns 34 per cent of Radegast and has so far opposed the acquisition by Bass of a stake from another Czech investor.

Bass country manager Mervyn Chilts said yesterday that because there were few stakes left available on the open market, Bass was now focusing its attention on IPB. "I hope that our discussions will lead to something, certainly within the course of this year," Mr Chilts said.

Bass already owns 51 per cent of Prazske Pivovery, which controls about 14 per cent of the local market compared with the 16 per cent share claimed by Radegast.

It has ambitions to create a group with around 25 to 30 per cent of the Czech domestic beer market and is understood to favour an eventual merger between the two brewers.

Bass moved into the Czech beer market in 1993 when it took a 34 per cent stake in Prague Breweries. The British group now also owns majority shares in two small regional Czech breweries, Vratislavice and Ostravat.

Apart from moving into the Czech market, which boasts the world's highest per capita beer consumption, Bass has been keen to push Czech beers in western Europe and Russia. Bass and IPB have become the two largest shareholders in the Czech brewing industry, which is barely profitable but is considered to have big export potential. Prague Breweries, whose premium brand is Staropramen, has seen exports surge to 290,000 hectolitres in 1996 from 109,000 hectolitres in 1994.

Whoever wins control of Radegast, the most profitable and efficient of the big brewing groups, will have dominant role in the industry and the largest portfolio of brands.

Bass is moving to expand its overseas operations to diversify away from the mature UK beer market, where it is currently embroiled in a Monopolies Commission investigation into its planned takeover of Carlsberg Tetley.

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business

Politicians still think they can fine-tune the economy. This is folly

Some time during the course of today when the Bank of England conducts its money market operations it should become clear whether or not Kenneth Clarke has agreed to an increase in interest rates this month. If he has decided against it, one of the reasons is likely to have been the need to wait for the first estimate of gross domestic product in the final quarter of 1996, a figure due to be published at the end of the month.

If it shows the economy grew by as much as or more than in the third quarter, when GDP rose by 0.7 per cent, it could well trigger an increase in the cost of borrowing next month. For the economy's trend rate of growth is thought to be about 2.25-2.5 per cent a year, or about 0.6 per cent a quarter. Faster growth is likely to fuel inflationary pressure, requiring a rise in interest rates to take the froth off the economy. If the quarterly change in GDP is a fraction of a percentage point too high, we are likely to be paying more for our mortgages soon.

An essay in the latest issue of *Economic Trends*, one of the monthly publications of the Office for National Statistics, sheds an intriguing light on the use of economic statistics in policy decisions. The author, Henry Neuberger, explains how the national accounts were developed precisely for the purposes of policy-making. The first attempt to construct national accounts with policy in mind was made by economists JM Keynes in his paper "How to Pay for the War" in 1940, in which he tried to assess the economy's taxable capacity.

As the following year's Budget White Paper noted: "During 1940 the resources devoted to personal consumption and to the demands of central government and local authorities together exceeded the resources available from the net national income."

Keynesian economists during the subsequent decades came to regard the national statistics as

the tools that enabled government to read off the required levels of its tax and spending plans. One standard text of the 1960s said: "We should approach the economic system as an engineer approaches a complicated piece of machinery." However, the habit of fine-tuning policy generated by this approach was subsequently discredited among academic economists. The economy is just not that mechanistic. There are unexpected shocks, people's behaviour changes over time. And what's more, the statistics are sometimes wrong.

One of the most notorious cases was the under-recording of exports in the 1960s and 1970s. This error had a profound impact on economic policy, for it led a generation of economists to believe that the balance of payments was a serious constraint on British growth. The government could not allow too much expansion without running into the trade buffers with imports running too far ahead of exports. The high hopes for the management of the economy crumbled into despair because of the stop-go cycle that resulted.

Even though the error was uncovered during the 1970s, the scale of the deficit relative to the size of the economy was bigger during the early 1990s.

The late 1980s provide another example. There are three ways of measuring GDP: add up



Diane Coyle

Setting policy is hampered not only by the need to rely on forecasts – having to steer using the rear-view mirror – but also by uncertain data

about 1.5 per cent of GDP. The scale of the deficit relative to the size of the economy was bigger during the early 1990s.

The late 1980s provide another example. There are three ways of measuring GDP: add up

output, add up incomes or add up expenditure. They ought to be the same, but never are, and in the late Eighties the gap between the measures grew significantly. When the scale of the Lawson boom became clear the Treasury blamed over-loose policy on the unreliability of the GDP measures. It had been impossible to tell how close the economy was to its capacity ceiling, according to an internal inquiry into the episode.

The Treasury report in 1989 concluded that one problem had been reductions in spending on gathering statistics. Extra effort and resources put into collecting national accounts data since then mean that the size of revisions to GDP and balance of payments figures is dramatically less than before.

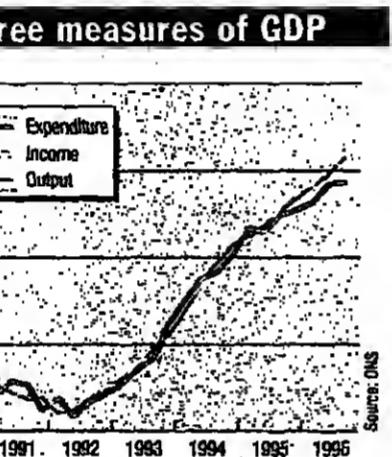
As the chart shows, a gap between the three measures of GDP has reopened in recent quarters, but it is nothing like as big as it was in the late 1980s.

Even so, the fact that there are any revisions at all presents a difficulty in the current framework of policy, which involves making a judgement about the precise state of the economy month by month. The income measure of GDP fell in the third quarter of 1996, whereas the output measure jumped. The ONS focuses on the output measure as the most reliable short-term indicator but even so jiggles the published number, which does not add up to the sum of its components.

And the revisions, small as they are, point to different interest rate decisions. For example, when Mr Clarke decided to cut interest rates last June, GDP growth in the first quarter of 1996 was estimated to be 0.4 per cent. The latest figures put it at 0.6 per cent. When he increased base rates in December, the published third-

quarter growth target was two years hence. The folly is not that statistics get revised. That is inevitable, and the UK's statisticians are better than most. It is the fact that politicians still think they can handle the economy with the precision of a mechanic following a blueprint.

Interest rates should go up this week. If they do not, they should go up next month instead. This is because most of the data over the past several months have pointed to growth well above trend. The GDP figure published between now and the next monetary meeting will not make any difference.



Three measures of GDP

From Canary Wharf to Threadneedle Street PEOPLE & BUSINESS



Peter Rodgers is heading to the Bank of England

Our heartiest congratulations to Peter Rodgers, our very own financial editor, who has just been appointed chief press spokesman for the Bank of England.

To be precise, Mr Rodgers will become Secretary of the Bank of England, succeeding the present incumbent, John Footman.

As such, Mr Rodgers will become part of the Governor Eddie George's famed "raised eyebrows", the mechanism by which the Old Lady of Threadneedle Street indicates her displeasure to City institutions with a quiet word in the right ear.

That, at least, might be how a rational academic would react to knowing that setting policy is not only hampered by the need to rely on forecasts – having to steer using the rear-view mirror – but also by uncertain data – using the mirror to peer through a misted rear windscreen.

However, apart from the brief flirtation with pure monetarism in the early 1980s when the only thing that determined interest rates was how fast the (fairly accurately measurable) money supply was growing, policy makers have preferred to make policy as often as they can. With the current monetary arrangements, fine-tuning is back with a vengeance. Mr Clarke decides to move interest rates a quarter point because of a margin of 0.3-0.5 per cent in quarterly GDP growth to hit an inflation target two years hence.

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The appointment of Richard Harvey as successor to Alan Bridgewater as group chief executive of Norwich Union confirms once again that Mr

Friends have speculated whether this early, traumatic contact with an insurance salesman has caused in part his vocation for regulating them, a form of revenge. He's certainly missed a trick letting Beneficial Bank get the coveted budgie card account.

Ian Byatt, water regulator, manages to charm the pants off MPs on the Trade and Industry Select Committee (not literally, I hasten to add). As he's being grilled about the water industry one MP remarks that Mr Byatt is drinking bottled mineral water.

To which Mr Byatt gleefully points out that he'd recently insisted on tap water before the Environment Select Committee. "I drink tap water all the time myself," he says, to which one MP mutters: "That explains everything."

BAT Industries and Imperial Tobacco might like to take a leaf out of Philip Morris's book. The biggest cigarette maker in the world is seeking to get around new restrictions on tobacco advertising by launching its own record label.

Philip Morris has quietly been preparing a big launch of its label, Woman Thing Music, named after the ad slogan for its Virginia Slims cigarettes: "It's a woman thing."

The company plans to flood the market with loads of CDs by largely unknown female artists. The CDs will not be on sale at record stores, however.

They will be given away free with two packs of Virginia Slims in special packages, which will be available in supermarkets and other outlets.

UK companies could do the same with a band like the Spice Girls. The Nicotine Girls has a certain ring to it.

John Willcock

Foreign Exchange Rates

Country	Sterling			Dollar			DMark		
	Spot	1 month	3 months	Spot	1 month	3 months	Spot	1 month	3 months
US	167.68	12.10	39.35	1200	—	—	62.82	—	—
Canada	5.53	5.49	5.61	13.27	24.25	25.73	10.82	10.82	10.82
Germany	2.6654	6.61	20.13	158.95	30.29	50.87	10.00	10.00	10.00
France	2.7174	6.61	20.13	158.95	30.29	50.87	10.00	10.00	10.00
Italy	2.5032	5.49	5.53	154.64	27.29	28.63	9.83	9.83	9.83
Japan	126.42	85.91	211.26	172.74	49.47	149.47	71.93	71.93	71.93
ECU	1.3717	21.18	66.61	122.96	13.14	44.45	10.54	10.54	10.54
Belgium	5.0333	5.03	5.03	122.77	42.35	100.20	20.20	20.20	20.20
Netherlands	2.9535	82.74	22.33	178.51	39.37	121.75	12.21	12.21	12.21
Ireland	10.894	5.1	15.10	16.46	6.3	10.6	0.32	0.32	0.32
Norway	10.663	16.03	38.27	63.59	50.23	19.89	4.00	4.00	4.00
Spain	1.2707	10.27	10.27	10.27	10.27	10.27	0.40	0.40	0.40
Sweden	3.2567	22.60	68.93	68.97	41.16	52.10	4.07	4.07	4.07
Switzerland	2.2989	85.76	23.23	137.09	40.37	116.14	3.35	3.35	3.35
Australia*	2.6595	10.18	15.23	12.97	14.16	14.16	0.40	0.40	0.40
Hong Kong	1.1812	0.40	0.40	24.23	27.30	30.85	15.63	15.63	15.63
Malaysia	2.3828	64.71	165.16	142.10	54.56	97.99	0.98	0.98	0.98
New Zealand*	1.6289	0.40	0.40	37.03	1.4	5.9	2.39	2.39	2.39
Saudi Arabia	3.2669	0.0	0.0	14.05	24.18	70.65	0.89	0.89	0.89
Singapore	2.3569	0.0	0.0	14.05	24.18	70.65	0.89	0.89	0.89

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	167.73	0.9599	Nigeria	123.23	78.76
Australia	1.0725	1.0427	Pakistan	67.23	40.76
Brazil	13.9168	8.2825	Philippines	4.4502	26.25
Egypt	5.7093	3.4561	Portugal	26.6573	15.8550
Finland	2.2675	1.2745	Qatar	1.4700	1.4700
Greece	4.6755	2.4833	Russia	94.0578	30.0000
India	6.0344	3.8548	South Africa	7.9004	4.6500
Iceland	0.3044	0.3007	Taiwan	49.9535	27.0000

Forward rates quoted high to low at a discount: subtract from spot rate

*Dollar rates quoted as reciprocals

For the latest foreign exchange rates call 0891 223 3033.

Calls cost 50p per minute (day rate) 45p other times.

Interest Rates

UK	Base	6.00%	Germany	Discount Lombard	2.50%	Japan	Discount Begleitk.	0.50%
France	3.15%	6.00%	Canada	4.50%	5.00%	Sweden	5.00%	2.50%
Intervention	3.15%	6.00%	Fund	5.25%	5.00%	Switzerland	5.00%	2.50%
Discount	7.5%	6.00%	10-Day Repo	6.				

Vharf to Street INESS

THE INDEPENDENT • THURSDAY 16 JANUARY 1997

25

sport

Stewart and Hussain find form with centuries

Cricket

MARK BALDWIN
reports from Palmerston North
NZ Select XI 138 and 25-1
England 427-8 dec

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The company plans to flood the market with look of 40s style girls, unironic female art. The Don'ts must be on social record.

They will be given away free with each pack of Virginia Nine in special packages which will be available in supermarket after sales.

UK's first ever 100% organic wine, made by the Spice Girls, is now available. Girls have something to do.

John Willcock

Nasser Hussain yesterday admitted England's batsmen did not apply themselves in Zimbabwe as well as they should have done.

The England vice-captain promised New Zealand would see a completely different team from that which ended the opening leg of this winter's tour in such a way. "New Zealand players like Chris Cairns will have looked at the results of the last couple of one-day games and wondered what was happening as they've been beaten in England and seen us play."

"They know we are decent cricketers and that those last couple of games were a bit of a blip. I think we should have applied ourselves a bit more in Harare

as batsmen, but in Tests terms only in the first innings of the Harare Test do I think we let ourselves down as a batting unit."

Hussain returned to form here with 139 as England piled up 427 for 8 declared for the first-leg lead of 289. With Alec Stewart making 153 and John Crawley an effortless 35, it also put into sharp relief the batting struggles of Mike Atherton.

"He should be blantly clear the team are 100 per cent behind Mike Atherton at present," Hussain added. "He's a class player and a top captain, and no one has said anything against him. I know he's a batsman people around you may try to lift you, but you must do it yourself and Mike has steel. We would not be at all surprised if we went in Auckland for the first Test in a week or so and made a ton."

Atherton, who made seven when England's innings began on Monday and who has passed 50 just once this winter, is unlikely to get another chance to

England's declaration left

hat here, and both he and Graham Thorpe will be desperate for a big score in Hamilton where England play Northern Districts.

Thorpe lashed up a simple catch to midwicket, splicing a pull, after making just six from 16 balls. Hussain and Stewart added 205 before the Surrey captain retired hurt with a phantom hamstring injury during the mid-afternoon drinks break.

Stewart had been the initial aggressor after resuming on 75 with England 154 for 3. In all, he struck two sixes and 21 fours in an innings which confirmed his fine form after a successful time in Zimbabwe.

Hussain accelerated in classic fashion during the course of his innings. His first 50 took 135 balls, but in all he faced 236 deliveries - his last 39 runs occupied only 26 balls - with three successive fours preceding his dismissal to a skied finish at the off-spinner Paul Wiseman.

England's declaration left

the Select XI with only 55 minutes bating at the end of the third day, but Dominic Cork struck an important blow by having the prospective Test opener, Craig Spearman, caught in the gully as he sliced a drive at an away-swinger.

Third day of four: England won tors

NO SELECT XI First Innings 139 C White 1.15

ENGLAND - First Innings
Overnight: 154 (incl 3)
1 A J Stewart retired hurt 153
2 N Hussain 139 (10) 139
G P Thorpe 100 (10) 100
3 J P Crowley c Kennedy b Morrison 35
C White c Steerman b Wiseman 10
4 C W Silverwood c Vaughan b Morrison 20
Extras 105 (6) 105
Total (for 2, 12 overs) 427
Fall (contd): 4-221, 5-211, 6-223, 7-323,
8-327
Bats: P C P Tait 153
Bunting, Morrison 28-5-81-4; Kennedy
3-3-80-2; Vaughan 22-3-84-0; Wiseman
17-2-83-2; Haslam 25-7-90-0.
Bowlers: Morrison 10-2-100-2; Hussain
1-2-10-0; Wiseman 1-1-0-0; Crowley
1-2-10-0; Atherton b Cork 11
B A Peacock not out 11
A C Prince not out 11
Total (for 2, 12 overs) 25
Fall (contd): 1-6
Bats: J G Howell, M A Horne, M J Goss,
Bates, J T C Vaughan, P J Wikerman, M J
Haslam, R J Hernett, D K Morrison,
Tait, Morrison 20-6-100-2; Morrison 1-3-0;
Silverwood 2-3-10-0; Morrison 1-0-1-0;
Limping: S Dunne and O Queded.



Alec Stewart pulls to leg on his way to a century in Palmerston North yesterday

Photograph: Empics

Briton to design Sydney course

Equestrianism

GENEVIEVE MURPHY

Mike Etherington-Smith was in Australia yesterday when it was announced that he has been chosen to design the cross-country courses for the Olympic three-day events in Sydney. He was needless to say, inspecting the venue for the competitions in which he will be chief examiner.

Brian Thomas, the only other Briton to have filled this role, made about 18 trips to Seoul where he designed the excellent cross-country fences for the 1988 Games. He found the experience both daunting and exciting.

"The Olympics are normally held on new sites and you only have one chance to get it right," Thomas said. "So it will be quite a challenge for Mike, but I'm sure he'll do a very good job."

Etherington-Smith, a former competitor, has vast experience of designing courses on both sides of the Atlantic and in Australia, where he took over at the Fairbridge event in 1995. At

home, he has been responsible for the courses at Blenheim Palace since the first three-day event was held there in 1990.

"Blenheim was a virgin site, as it were. I had to decide where every single thing would go," he said. "The experience should stand him in good stead as he surveys the likely virgin site for the 2000 Olympics."

As in Atlanta, where separate team and individual contests were held for the first time, two different courses will be required. That increases the workload, but unlike Thomas in South Korea, he will at least be working with people who know something about the sport. As an additional advantage, the course builders will include two Englishmen - Alan Willis and his son, James.

Alan Willis began building fences at Badminton (where Thomas is now director and course designer) in 1966 and he is now a well-respected master of his craft. Etherington-Smith will gladly rely on his support and expertise as he faces his greatest challenge to date.

Revoque is top of juvenile class

Racing

RICHARD EDMONDSON

Revoque won his first confrontation of 1997 with Bahhare yesterday. Peter Chapple-Hyam's colt was placed at the summit of the International Classifications and rated 268 superior to the unbeaten Bahhare.

In Command himself won the Dewhurst Stakes to earn a rating of 117, the lowest mark for a winner of that race since Dr Devious in 1991. Barry Hills, in Command's trainer, can cheer himself with the fact that the good doctor went on to win the Derby.

British juveniles became as welcome in France as the nation's meat products last year when 11 of the 19 two-year-old pattern races were surrendered to the visitors from across La Manche. Pas De Reponse, who captured the Cheveley Park Stakes, was the only horse to make a successful journey of the last 10 years. The committee is still undecided about his true merit following Olivier

The classifications suggest two-year-old racing is becoming increasingly uncompetitive (there are fewer horses reaching the qualification level) and this malaise is heightened by the small numbers representing France. Racing there is suffering from the top horses being

RICHARD EDMONDSON
NAP: Plum First
(Lingfield 4.00)
NB: Lobster Cottage
(Ludlow 2.40)

concentrated among an elite group of owners and trainers.

France does, however, provide the top-rated three-year-old in Helleiso, who, with the exception of Suave Dancer, is considered to be the best Prix de l'Arc de Triomphe winner of the last 10 years. The committee is still undecided about his true merit following Olivier

Peslier's Olga Korbut performance at Longchamp. It is difficult to judge, but his jockey not indulged in some remarkable pre-race finish celebrations, by just how far he may have won, Geoffrey Gibbs, the classifications chairman, said.

Shaamit, on 124, is the lowest-rated Derby winner since Forero and Kelso as an animal who topped his category in consecutive years. Accepting the ability, courage and durability he has consistently demonstrated it is not unreasonable, in that he is markedly superior in character and quality, to define him as a great," Gibbs said.

2,000 GUINEAS (Newmarket, 3 May) Today

GOING: Good to firm. Track: dry.

■ Bahhare (268) vs. Revoque (268) vs. Helleiso (124) vs. Lobster Cottage (123) vs. Supreme Star, 32-2 Sandown, 6-Stevens Valley, 22-2 Helleiso, 34-2 in the Monks, 20-3 others.

REVENGE: 21-2 Wathesdale, 7-2 Helleiso, 20-3 Supreme Star, 20-3 others.

WOTTHAMABLES can continue his good run by winning the last leg. He looks good in the last, although the track is not ideal and should be treated to come out on top again at 70 yards' terms. Guest Alliance wins on to be third at Hatzfeld on Saturday, beaten two lengths but enjoyed a 4lb pull now. Hatzfeld has been her first run since July, when he had broken four of 20 to Ascot for a 26th higher than today's, so can improve. Supreme Star will appreciate the extra three furlongs after winning over a mile and a half ago. Shireen is a good runner and has won three of her last four, but has not run over two miles and often gets off a low mark. Does Khalet, who is tried in blinkers on the first Flat run for Maro Pope, Saseboe may be favoured by his proximity to Yet Again last week but still ran well. Selection: WOTTHAMABLES

With the improved accessi-

bility of world events and the decline in stallions fees the number of older horses kept in training is increasing, but nevertheless the removal of Cigar will leave a void.

The big horse has joined the American legends such as Forego and Kelso as an animal who topped his category in consecutive years. Accepting the ability, courage and durability he has consistently demonstrated it is not unreasonable, in that he is markedly superior in character and quality, to define him as a great," Gibbs said.

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With the improved accessi-

LINGFIELD

HYPOTHESIS

1.30 AI Helal
2.00 Miles
3.20 Supreme Star

GOING: Standard. 1-2: 1st - suitable; remainder inside.

DRAW ADVANTAGE: None. 1st: 1st - suitable; remainder inside.

ROUTE: Course is south-east of town on B2228. Lingfield station served by London Victoria's adjacent course. ADMISSION: One enclosure £5. CAR PARK: S£2; remainder free.

2.000 LITTLE ACORNS SELLING HANDICAP (CLASS G) £2,875

GOING: Standard. 1-2: 1st - suitable; remainder inside.

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Newcastle
her

around to acknowledging that the game played in the world. "Every player, directors, doctors, and nursing staff, wants to make more and for that to happen, they're mains powerless to do anything."

Everywhere the smell of more ball on television, too much transfer fees, salaries of all proportion to ability. That's taking over.

As for Dalglish, when offered return to management earlier this season, he claimed to be interested only in a well-paid job on the periphery of the game. Now, looks like he has got himself into.

Salford
recruit
forward

Rugby League

DAVE HADFIELD

Salford will be able to test forward in their League pack this season following the signings of Steve Hulme and Ewen Fainga.

Hulme, capped eight times for Great Britain as a half-back, now primarily a loose-head, has joined the club as an agent from Leeds.

Fainga, who missed last season with a knee detaching a retina, can now be capped by both Zealand and Western Samoa.

"Our coach, Alan Tait, has been drumming it into us that we need a pack-forward that can compete in the League," John Wallace, Salford's chairman, says now that the strength of the team is going to need.

Gregory, who plays club football at Warrington, has signed a two-year deal with the Britons, and will be available to play for Salford's other half.

Both signings will appear in the first game of the new season.

With the New Zealand national side due to play at the Britons' home ground, Salford's other half

will be available to play for Salford's other half.

Wallace, who has been

invited to the Britons' pre-

season training session, says:

"We're looking forward to

the start of the season.

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Only a game?

Ken Jones on the upheaval at Newcastle United, page 26

sport

The dictator

Tim Henman takes the hard-line approach, page 26

Bowyer 'has an attitude problem'

Football

ROB KING

Lee Bowyer has been urged to clean up his act as George Graham's hard-line Leeds United hung on for an FA Cup replay at Crystal Palace on Tuesday. Graham accused Palace of diving and criticised the referee Roger Dilkas for giving two penalties.

Dave Bassett, the Palace manager, countered with complaints about Premiership gamesmanship which put the Manchester official under intense pressure.

Bassett could not believe the antics of Bowyer, who stoked up the temperature at every opportunity. The brief career of the England Under-21 midfielder has not been short of controversy on and off the field and Bassett said: "He's definitely got an attitude problem."

"We had problems with him when he was at Charlton last year, he was roaring around, falling all over the place."

"He's a good player, I like him, he's got instincts about him, I couldn't believe how long he went before he was booked."

"He was berating the referee and he pushed Hopkins in the chest. Even after he was booked he carried on fouling."

"But you know Leeds do that. They pressurise the referee. We've had them watched and we know they go down looking for free-kicks and everything else."

"I couldn't believe the pressure the referee was put under, the number of decisions that were contested."

Mr Dilkas' evening exploded two minutes from time when he pointed to the Leeds spot for the second time and was surrounded by furious players for several minutes of protest.

When that subsided, Nigel Martyn crowned his return to Selhurst Park by pouncing on Bruce Dyer's poor kick, the Palace player then blasting the rebound wide.

"He's a good goalkeeper, he should be in the England team," Graham said. "I didn't realise that until I worked with him. He's an exceptional goalkeeper." Dyer had already beaten Martyn once after five minutes with his first penalty, with Leeds

also contesting that decision, given for a push by Paul Besley. That was sandwiched by two visiting goals inside the first eight minutes – by Brian Deane and then a spectacular own goal by the Norwegian, Leif Andersen, which seemed set to put Leeds through to face Arsenal or Sunderland.

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The Leeds manager, who denied making a £4m bid for Celtic's Portuguese striker Jorge Cadete, admitted to a certain relief to escape with a replay. Bassett went further: "If I was George, I'd be very happy to get on that coach still in the FA Cup because they should have been out."

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